

BETH C. DRAIN, CA CSR NO. 7152

BEFORE THE
JOINT MEETING OF THE
GOVERNANCE AND SCIENCE SUBCOMMITTEES TO THE
INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE
TO THE
CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE
ORGANIZED PURSUANT TO THE
CALIFORNIA STEM CELL RESEARCH AND CURES ACT
REGULAR MEETING

LOCATION: AS INDICATED ON THE AGENDA

DATE: MAY 15, 2019
11 A.M.

REPORTER: BETH C. DRAIN, CA CSR
CSR. NO. 7152

FILE NO. : 2019-10

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BETH C. DRAIN, CA CSR NO. 7152

I N D E X

ITEM DESCRIPTION	PAGE NO.
OPEN SESSION:	
1. CALL TO ORDER.	3
2. ROLL CALL.	3
3. DISCUSSION OF IDEAS FOR NEW INITIATIVE:	
GOVERNANCE	6
EQUITY OWNERSHIP	21
HEADQUARTERS	31
ADMINISTRATIVE BUDGET	37
WORKING GROUPS	42
SCOPE- SCIENCE FUNDED	53
INFRASTRUCTURE	50
4. PUBLIC COMMENT.	NONE
5. ADJOURNMENT.	65

BETH C. DRAIN, CA CSR NO. 7152

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WEDNESDAY, MAY 15, 2019; 11 A.M.

VICE CHAIRMAN TORRES: WELCOME TO THE
JOINT MEETING OF THE GOVERNANCE AND SCIENCE
SUBCOMMITTEE. MS. LANSING, MY DEAR FRIEND, SHERRY,
IS AT A BOARD OF REGENTS MEETING ALL DAY TODAY, SO
AS VICE CHAIR, I'M TAKING OVER TO CHAIR THE
COMMITTEE. WE ALSO HAVE THE CHAIR OF OUR SCIENCE
SUBCOMMITTEE, JEFF SHEEHY, WITH US AS WELL. HERE IN
OAKLAND, DR. MILLAN AND J.T., OUR CHAIR, ARE WITH US
AS WELL. AND WE WILL NOW CALL THE ROLL, AND YOU'LL
KNOW WHO IS ON THE LINE.

MS. BONNEVILLE: DEBORAH DEAS. ANNE-MARIE
DULIEGE.

DR. DULIEGE: YES.

MS. BONNEVILLE: DAVID HIGGINS. STEVE
JUELSGAARD.

DR. JUELSGAARD: HERE.

MS. BONNEVILLE: AL ROWLETT.

DR. ROWLETT: HERE.

MS. BONNEVILLE: JEFF SHEEHY.

MR. SHEEHY: HERE.

MS. BONNEVILLE: OS STEWARD.

DR. STEWARD: HERE.

MS. BONNEVILLE: JONATHAN THOMAS.

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1 CHAIRMAN THOMAS: HERE.

2 MS. BONNEVILLE: ART TORRES.

3 MR. TORRES: HERE.

4 MS. BONNEVILLE: KRISTINA VUORI.

5 DR. VUORI: HERE.

6 MS. BONNEVILLE: SHERRY LANSING. SHLOMO
7 MELMED. AND WE HAVE A COUPLE OF BOARD MEMBERS WHO
8 ARE GOING TO BE JOINING US LATE, JUST SO YOU KNOW.

9 MR. TORRES: OKAY, GREAT. WE'LL PROCEED
10 THEN. IF WE LOOK AT OUR OPEN SESSION ON OUR AGENDA,
11 WE ARE NOW IN NO. 3.

12 THERE WAS CONSIDERABLE CONCERN AND
13 INTEREST THAT THE BOARD OUGHT TO OPINE SOME
14 SUGGESTIONS SO THAT WE MIGHT DELIBERATE AS TO WHERE
15 OUR SENSE OF AN INITIATIVE MIGHT BE IN 2020. AND I
16 WANT TO THANK JEFF SHEEHY, WHO IS CHAIR OF THE
17 SCIENCE COMMITTEE, FOR BRINGING A NUMBER OF ISSUES
18 TO THE FORE, AND I THINK HE'LL BE TALKING ABOUT SOME
19 ISSUES AS WE GET INTO IT.

20 WE WILL NOT BE TAKING A VOTE TODAY. WE
21 ARE FINE. WE HAVE A QUORUM, AND WE INVITE YOU TO
22 CONTINUE TO LOOK AT THE SLIDES THAT HAVE BEEN
23 PROVIDED TO ALL OF US. AND I THINK AT THIS POINT,
24 I'M GOING TO TURN IT OVER TO MR. TOCHER, WHO WILL
25 TAKE US THROUGH THE SLIDES. WE HAVE ALLOTTED TWO

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1 HOURS FROM 11 TO 1 P.M. WE MAY NOT USE ALL THAT
2 TIME, SO DON'T GET TOO NERVOUS THAT WE'RE GOING TO
3 BE HERE THAT LONG OR WE COULD BE. I DO FEEL IT'S
4 IMPORTANT THAT WE HAVE A ROBUST DISCUSSION SO THAT
5 WE CAN THEN GO BACK TO OUR BOARD MEMBERS AT A FULL
6 BOARD TO GIVE THEM A SENSE OF WHAT THESE TWO
7 SUBCOMMITTEES DISCUSSED AND PERHAPS IN FUTURE AS WE
8 MOVE FORWARD.

9 MR. TOCHER.

10 MR. TOCHER: THANK YOU, SENATOR.

11 SO MEMBERS OF THE COMMITTEE, AS A
12 BACKGROUND NOTE TO THE SLIDE PRESENTATION, THIS IS
13 SOMETHING THAT THE CIRM TEAM PROVIDED AT THE
14 DIRECTION OF SENATOR TORRES AND LEADERSHIP TO COME
15 UP WITH IDEAS AND BRAINSTORM ON POSSIBLE SOLUTIONS
16 IN ORDER TO SPARK A CONVERSATION TODAY AMONG THIS
17 JOINT SUBCOMMITTEE MEMBERSHIP AND THEN THE FULLER
18 MEMBERSHIP OF THE ENTIRE BOARD LATER THIS MONTH.

19 SO WE WENT THROUGH INTERNAL EXERCISES TO
20 FLESH OUT WHAT SOME POSSIBLE IDEAS FOR DISCUSSION
21 WOULD BE AS WELL AS POSSIBLE SOLUTIONS. THE INTENT
22 BEHIND THIS LIST, HOWEVER, IS NOT TO BE EXHAUSTIVE,
23 SO NOT TO CONSTRAIN THIS CONVERSATION. SO IF THERE
24 ARE IDEAS, SUGGESTIONS, AND ISSUES THAT THE
25 MEMBERSHIP WISH TO IDENTIFY AND DISCUSS TODAY, YOU

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1 SHOULD FEEL FREE TO DO SO.

2 SO WITH THAT, THE FIRST ISSUE THAT WE
3 WANTED TO SUGGEST IS ONE OF THE COMMON ONES THAT
4 CONCERN THE GOVERNANCE OF THE AGENCY. FOR THOSE WHO
5 HAVE JOINED CIRM SINCE THE EARLY DAYS, YOU WILL KNOW
6 THAT CIRM HAS ADOPTED CONFLICT OF INTEREST LAWS
7 WHICH WERE MODELED ON BEST PRACTICES ESTABLISHED BY
8 THE NATIONAL ACADEMY OF SCIENCES. AND THESE
9 REQUIREMENTS EXCEED THE REQUIREMENTS OF STATE LAW.

10 A COUPLE YEARS INTO CIRM'S HISTORY, WE
11 WERE REVIEWED BY A STATE CONTROLLER AUDIT. AND ONE
12 OF THE PRIME AREAS FOR THEIR AUDIT, OUR CONFLICT OF
13 INTEREST POLICY AND PRACTICES. AND THAT AUDIT FOUND
14 NO VIOLATION OF OUR COI AND THE AWARD AND
15 CONSIDERATION OF GRANTS, NOR HAS ANY CONFLICT
16 SUBSEQUENTLY BEEN IDENTIFIED.

17 NEVERTHELESS, AS I'M SURE MANY OF YOU
18 KNOW, CERTAIN GROUPS, SUCH AS THE LITTLE HOOVER
19 COMMISSION AND IOM, HAVE SUGGESTED THAT THE
20 STRUCTURE OF THE ICOC BOARD MAY CREATE THE
21 PERCEPTION OF A CONFLICT. YOU WILL ALSO RECALL THAT
22 THEN, SUBSEQUENT TO THE IOM REPORT TO ADDRESS THIS
23 PERCEPTION, THE BOARD CREATED THE APPLICATION REVIEW
24 SUBCOMMITTEE OF THE BOARD TO FURTHER ADDRESS THIS
25 ISSUE OF SUCH PERCEPTION.

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1 SO THE CHALLENGE IS HOW TO HARNESS THE
2 VALUE AND EXPERTISE FROM OUR ACADEMIC AND RESEARCH
3 INSTITUTIONS WHO ARE ABLE TO APPOINT MEMBERS TO THE
4 BOARD WHILE ELIMINATING THE CONFLICT OF INTEREST
5 PERCEPTION THAT PERSISTS IN SOME CIRCLES. SO WE
6 HAVE IDENTIFIED A RANGE OF POSSIBILITIES.

7 CHAIRMAN THOMAS: BEFORE WE GET TO THE
8 RANGE, LET ME JUST ADD ONE THING TO YOUR BACKGROUND
9 STATEMENT, WHICH WAS WE ESTABLISHED THE APPLICATION
10 REVIEW SUBCOMMITTEE. IT'S VERY IMPORTANT TO NOTE
11 THAT MEMBERS OF THOSE INSTITUTIONS WHO ARE NOT A
12 PART OF THAT SUBCOMMITTEE ARE ENCOURAGED TO
13 PARTICIPATE IN DISCUSSIONS ABOUT ANY OF THE GRANTS
14 UNDER CONSIDERATION UNLESS, OF COURSE, IT PERTAINS
15 TO THEIR PARTICULAR INSTITUTION. AND WE
16 SPECIFICALLY HAD IT THAT WAY SO THAT WE WOULDN'T
17 LOSE THE EXPERTISE THAT THEY BRING TO THOSE
18 DISCUSSIONS ON THE PARTICULAR GRANTS AT ISSUE.

19 SO WHILE WE PRECLUDED THEM FROM VOTING,
20 THEY ARE STILL VERY FREE TO DISCUSS AND INFORM THE
21 DISCUSSION.

22 MR. TOCHER: THANK YOU, J.T. THAT'S
23 CORRECT. THEY ARE NONVOTING MEMBERS OF THE
24 APPLICATION REVIEW SUBCOMMITTEE.

25 SO AS YOU CAN SEE FROM THE FOUR BULLET

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1 POINTS THAT WE HAVE, THERE'S A RANGE OF
2 POSSIBILITIES, AND MAYBE WE WILL IDENTIFY EVEN MORE
3 TODAY.

4 FROM CONTINUING WITH THE APPLICATION
5 REVIEW SUBCOMMITTEE PROCESS AS IT EXISTS TO MAYBE
6 FINDING DIFFERENT WAYS TO HARNESS THAT LEADERSHIP BY
7 APPOINTING FORMER OR RETIRED OFFICIALS FROM SUCH
8 INSTITUTIONS TO ACT AS PROVIDERS OF EXPERTISE FROM
9 THAT SECTOR OR CREATING AN ADVISORY GROUP TO THE
10 ICOC, NOT UNLIKE THE EXISTING WORKING GROUPS, IN A
11 FORMAT SUCH AS THAT THAT WOULD CONSIST OF SUCH
12 OFFICIALS WHO WOULD ADVISE ON THIS TYPE OF STRATEGIC
13 INITIATIVE AND PROGRAMS WHERE THAT EXPERTISE IS
14 PARTICULARLY VALUABLE. AND THEN JUST TO ROUND OUT
15 THE RANGE, AS SOME HAVE SUGGESTED, ELIMINATING THE
16 INSTITUTIONAL MEMBERS FROM THE BOARD.

17 BY THE WAY, I SHOULD POINT OUT THAT THESE
18 ARE JUST OPTIONS. THERE'S NO TEAM RECOMMENDATION OR
19 BIAS IN FAVOR OF ANY OF THESE.

20 VICE CHAIRMAN TORRES: THE CHARGE TO THE
21 TEAM WAS TO COME UP WITH IDEAS AND TO EXHAUST WHAT
22 MAY BE OUT THERE, INCLUDING KEEPING THE STATUS QUO.

23 MR. TOCHER: THAT'S RIGHT. THAT'S RIGHT.

24 VICE CHAIRMAN TORRES: ANY IDEAS OR INPUT
25 ON THESE ISSUES FROM ANYONE ON THE LINE?

BETH C. DRAIN, CA CSR NO. 7152

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DR. JUELSGAARD: I HAVE AN INPUT.

VICE CHAIRMAN TORRES: PLEASE.

DR. JUELSGAARD: SO I WANT TO GO BACK TO THE BACKGROUND AND THEN MOVE FORWARD FROM THERE. SO THESE ARE MODELED ON THE BEST PRACTICES ESTABLISHED BY THE NATIONAL ACADEMY OF SCIENCES, EXCEED THE REQUIREMENTS OF STATE LAW, THE STATE CONTROLLER REVIEWED OUR CONFLICT POLICIES AND PRACTICES AND FOUND NO VIOLATIONS OF CONFLICTS OF INTEREST. SO I'LL START WITH THAT. SO WE HAVE SORT OF THIS START OF EVERYTHING SEEMS OKAY. AND THEN WE'VE GOT CERTAIN GROUPS, SUCH AS THE LITTLE HOOVER COMMISSION AND THE IOM, WHO OBVIOUSLY ARE VERY MUCH OUTSIDE OF SORT OF THE STATE MODEL, HAVE SUGGESTED THAT THE STRUCTURE CREATES A PERCEPTION OF CONFLICT.

SO WE'VE GOT A SUGGESTION THAT WE HAVE A CONFLICT COMING FROM OUTSIDE REVIEW ORGANIZATIONS. SO I'VE ALWAYS WONDERED ABOUT THAT AS AN ISSUE AND THE FACT AS TO WHETHER THERE REALLY IS A PROBLEM HERE THAT NEEDS TO BE CORRECTED. AND SO ONE OF THE THOUGHTS THAT I HAD ABOUT THIS IS IF WHEN THE NEW INITIATIVE, ASSUMING THERE IS ONE, IS PRESENTED TO THE VOTERS, IS TO RAISE THIS AS SOMETHING THAT HAS BEEN NOTED, BUT IN THE INITIATIVE TO MAKE IT CLEAR AS A MATTER OF THE INITIATIVE AND AS A MATTER OF LAW

BETH C. DRAIN, CA CSR NO. 7152

1 THAT COMES FROM IT, THAT THERE IS NO CONFLICT OF
2 INTEREST BY THE PARTICIPATION OF THE INSTITUTIONAL
3 MEMBERS. IT'S FINE AND APPROPRIATE THAT THEY
4 PARTICIPATE IN VOTING AND THAT THE VOTERS FIND THAT
5 THERE IS NO CONFLICT OF INTEREST.

6 SO, ANYWAY, THAT'S JUST A THOUGHT OR IDEA
7 THAT I HAVE BECAUSE I'VE NEVER REALLY BEEN CONVINCED
8 THAT IS THE SORT OF PROBLEM THAT SOME PEOPLE HAVE
9 ALLUDED TO.

10 VICE CHAIRMAN TORRES: I WOULD ARGUE THAT
11 IS CORRECT BECAUSE MY FORMER CHIEF OF STAFF, THEN;
12 SENATE MAJORITY LEADER, DEAN FLOREZ, WHO ALSO SERVED
13 ON THE LITTLE HOOVER COMMISSION, WAS VERY CONCERNED
14 AS TO HOW THOSE DELIBERATIONS TOOK PLACE IN THE
15 FIRST PLACE BY LITTLE HOOVER COMMISSION AND
16 DISCUSSED THE VERY ISSUE YOU RAISED, STEVE. IN
17 FACT, HE NOTED IN HIS LETTER THAT I'M CONCERNED THE
18 COMMISSION'S APPARENT RUSH TO CONCLUDE ITS REPORT,
19 AS ONE MEMBER SAID AT THE MEETING, FIVE MINUTES AND
20 A SANDWICH IS NOT ADEQUATE TIME FOR COMMISSION
21 MEMBERS TO ABSORB THE INFORMATION.

22 SO IT WAS CLEAR, AT LEAST FROM ONE
23 COMMISSION MEMBER ARTICULATED AT THE TIME, THAT THIS
24 WAS NOT A DELIBERATIVE BODY. AND SO THAT REALLY
25 SPEAKS TO THE ISSUES THAT YOU'VE RAISED. THANK YOU,

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1 STEVE.

2 MR. SHEEHY.

3 MR. SHEEHY: SO I DON'T KNOW IF ANYONE
4 REMEMBERS, BUT I ACTUALLY VOTED AGAINST THIS CHANGE
5 WHEN IT CAME FORWARD. I THINK JOAN SAMUELSON AND I
6 WERE THE ONLY ONES THAT WERE OPPOSED TO IT.

7 SO, FIRST OF ALL, I GREATLY MISS
8 PERSONALLY, AND I THINK SOME OF US WHO HAVE BEEN
9 AROUND FOR A WHILE, THE INPUT OF THE ACADEMIC
10 MEMBERS OF THE BOARD. I THINK THAT, IN DISCUSSING
11 THIS, WE LOST A BIT OF NUANCE AS TO WHAT WE WERE
12 TALKING ABOUT.

13 WHAT HAS BEEN FORGOTTEN IS THAT FIVE OF
14 THE MEMBERS ARE APPOINTED BY THE CHANCELLOR OF THE
15 UC SYSTEM. AND SO THERE WAS ALWAYS SOMETHING
16 SURREAL ABOUT ALLEGING CONFLICTS OF INTEREST BETWEEN
17 ONE BRANCH OF THE STATE AND ANOTHER BRANCH OF THE
18 STATE. ULTIMATELY DEANS OF MEDICAL SCHOOLS WITHIN
19 THE UNIVERSITY OF CALIFORNIA HAVE AT THEIR CORE
20 CONCERNS FOR THE WELL-BEING OF THE CITIZENS OF
21 CALIFORNIA THAT I THINK JUST INSTITUTIONALLY
22 SUPERSEDES ANY PAROCHIAL INTERESTS THEY MAY HAVE.

23 AND SO I ALWAYS THOUGHT THE CONFLICT OF
24 INTEREST PROVISIONS RELATED TO THE FIVE MEMBERS WHO
25 ARE DEANS OF THE UC MEDICAL SCHOOLS WAS WIDELY

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1 OVERSTATED AND, FRANKLY, OFTEN MISREPRESENTED.

2 AS A SIDEBAR, THE ONE POINT THAT I WOULD
3 RECOMMEND CHANGING GOING FORWARD, IF WE DO CONTINUE
4 TO HAVE ACADEMIC MEMBERS, WOULD BE INCLUDING NOW THE
5 DEAN OFFICIALLY OF THE SIXTH UC MEDICAL SCHOOL
6 THAT'S BEEN ESTABLISHED IN THE INTERIM AT UC
7 RIVERSIDE SO THAT WE GET FULL -- WE DO HAVE THE DEAN
8 OF THAT MEDICAL SCHOOL ON OUR BOARD, AND SHE'S BEEN
9 A FANTASTIC ADDITION TO OUR DELIBERATIONS, BUT THE
10 FIVE OF THE ORIGINAL MEDICAL SCHOOLS ARE THE ONES
11 THAT ARE SPECIFICALLY ENUMERATED WITHIN PROP 71.

12 I HAVE ALWAYS FELT THAT THE APPLICATION
13 REVIEW SUBCOMMITTEE PROCESS IS A BIT AWKWARD AND
14 CLUMSY BECAUSE IT'S SUCH [A AN] -- IT'S NOT QUITE
15 THE WHOLE BOARD, AND IT DOESN'T INCLUDE EVERYBODY IN
16 IT. ONE OF THE ASPECTS OF PROP 71 THAT I THOUGHT
17 WAS GENIUS WAS THE ACADEMIC RESEARCH LEADERSHIP,
18 BIOTECH INDUSTRY LEADERSHIP, AND PATIENT ADVOCACY
19 LEADERSHIP ALL ON THE SAME PLANE TO WORK
20 COLLABORATIVELY TO ACHIEVE THE GOALS OF PROP 71.

21 AND WE HAVE LOST SOMETHING, I FEEL LIKE,
22 IN TERMS OF RELATIONSHIPS, IN TERMS OF BOARD -- PHIL
23 PIZZO, WHO WAS DEAN OF STANFORD, BECAME A FRIEND OR
24 SOME OF THE OTHER DEANS, JERRY LEVEY AT UCLA, OR
25 EVEN GETTING TO KNOW DAVID BALTIMORE WHO WAS AT

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1 CALTECH AND AN ORIGINAL BOARD MEMBER. BECAUSE WE
2 WERE SO DEEPLY ENGAGED IN COMMON PURPOSE AND COMMON
3 ENTERPRISE, WE GOT TO KNOW EACH OTHER. AS A PATIENT
4 ADVOCATE, THOSE SAME OPPORTUNITIES WOULD NOT HAVE
5 BEEN AVAILABLE. AND THE SAME WITH THE INDUSTRY
6 PEOPLE HAVE BEEN PHENOMENAL PEOPLE TO GET TO KNOW
7 OVER THE YEARS. AND SO DIMINISHING THE CONTRIBUTION
8 OF ONE OF THE THREE LEGS OF THE STOOL, I THINK, WAS
9 A FUNDAMENTAL MISTAKE.

10 THERE WAS, AND THIS IS KIND OF LOST IN
11 TRANSLATION, SOME OF US WHO AT THE BEGINNING WHO
12 WERE PATIENT ADVOCATES, ONE OF THE THINGS ABOUT THE
13 APPLICATION REVIEW SUBCOMMITTEE THAT IS VALUABLE IS
14 IT DOES GIVE PATIENT ADVOCATES A LITTLE BIT OF
15 WEIGHT THAT THEY LOST. REMEMBER, WE USED TO HAVE
16 PROGRAMMATIC REVIEW WITHIN THE GRANTS WORKING GROUP,
17 WHICH SOME OF THE REVIEWERS WERE NOT KEEN ON, AND WE
18 DID AWAY WITH THAT.

19 I THINK RESTORING THAT, AND THAT'S NOT A
20 PROP 71 ISSUE, WHEN WE MAKE THESE OTHER CHANGES
21 WOULD BE VALUABLE. THE DISTINCTION I WOULD MAKE, AS
22 MAYBE A RESIDENT HISTORIAN, THE DISTINCTION WE MAKE
23 IS THAT IN THE CLINICAL REVIEWERS, WHICH ARE 1, 2,
24 3, NO. 1, THE PATIENT ADVOCATES GET TO DO REVIEWS.
25 THE SPEED WITH WHICH WE DO THAT, THAT SYSTEM IS

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1 SOUND. BUT FOR THE EARLIER ONES WHERE THE PATIENT
2 ADVOCATES ARE NOT DOING REVIEWS, LIKE THE DISCOVERY
3 SCIENCE, THERE IS SOME UTILITY TO HAVING A POST
4 SCORING DISCUSSION AMONGST THE PATIENT ADVOCATES AND
5 THE REVIEWERS IN ORDER TO TEASE OUT SOME OF THE
6 SIGNIFICANCE AND SOME OF THE IMPACT AND TO ACTUALLY
7 ALLOW PATIENT ADVOCATES TO BE DEVIL ADVOCATES AND
8 BREAK UP SOME OF THE CLUBBINESS THAT TENDS TO HAPPEN
9 WITHIN PEER REVIEW, WHICH IS NOT A NEGATIVE. IT'S
10 NOT TO SAY PEER REVIEW IS NOT A GREAT SYSTEM, BUT
11 THERE IS A TENDENCY TOWARDS DOGMA AND ESTABLISHED
12 SCIENCE. THERE'S A TENDENCY TO LINE UP ON TWO
13 POLES, A BUNCH OF PEOPLE LOVE IT AND A BUNCH OF
14 PEOPLE HATE IT, WHICH MAY BE THE BEST SCIENCE
15 BECAUSE IT'S THE MOST INNOVATIVE. AND HAVING THE
16 PATIENT ADVOCATES HAVE A POSTSCORING DISCUSSION,
17 WHICH WE USED TO HAVE, IN ORDER TO KIND OF TEASE OUT
18 SOME OF THE SIGNIFICANCE AND IMPACT OF THOSE GRANTS,
19 I THINK IS A VALUABLE ASPECT THAT WE'VE KIND OF
20 LOST.

21 VICE CHAIRMAN TORRES: WE CAN REJUVENATE
22 THAT INTERNALLY IS WHAT YOU'RE SAYING?

23 MR. SHEEHY: YEAH. KIND OF LOOK AT WHAT
24 WE'VE DONE, GO BACK, BRING THE ACADEMIC FOLKS BACK
25 IN. AND IF WE STAY WITH THE SAME NUMBER OF MEMBERS,

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1 WE WOULD END UP WITH A SLIGHTLY HIGHER PROPORTION OF
2 UC, DIRECT UC APPOINTMENT, WHICH I THINK THE NON-UC
3 FOLKS HAVE ALWAYS -- WE'VE HAD PHIL PIZZO. WHAT CAN
4 WE SAY ABOUT MICHAEL FRIEDMAN AND HIS CONTRIBUTIONS
5 TO OUR THINKING ABOUT THINGS OR FLOYD BLOOM WHO WAS
6 JUST SUCH AN OUTSTANDING SCIENTIST. BEING ABLE TO
7 HAVE THEIR CONTRIBUTIONS HAS BEEN SO VALUABLE. AND
8 THIS IS NOT IN ANY WAY TO DIMINISH THE
9 ACCOMPLISHMENT OF THE CHANGE THAT WE MADE THAT WE
10 KIND OF NEEDED TO MAKE BECAUSE WE ARE WERE UNDER SO
11 MUCH PUBLIC PRESSURE. BUT I THINK WE'VE KIND OF
12 PROVEN THAT WE HAVE INTEGRITY.

13 VICE CHAIRMAN TORRES: RIGHT.

14 MR. SHEEHY: WE HAVE A PROVEN RECORD OF
15 ACCOMPLISHMENT, AND I THINK GOING FORWARD RESTORING
16 THAT KNOWLEDGE WOULD BE VERY USEFUL. SO THAT'S MY
17 TWO CENTS.

18 JUST AS A PROCESS QUESTION, IF WE DID, AS
19 A GROUP, COME TO SUM SORT OF CONSENSUS ON SOME
20 PRINCIPLES EMBODIED IN THIS, COULD WE SEND THAT TO
21 THE BOARD, NOT AS A FORMAL APPROVAL THING, BUT SOME
22 SORT OF SENSE OF THE COMMITTEE RECOMMENDATION TO THE
23 LARGER BOARD JUST TO KIND OF --

24 VICE CHAIRMAN TORRES: I THINK WHAT YOU
25 ARE SUGGESTING, AND SOMETHING I WANTED TO TALK ABOUT

BETH C. DRAIN, CA CSR NO. 7152

1 LATER, IS THAT WE ARE LOOKING AT TWO PATHWAYS HERE.
2 THE PATHWAY OF IDEAS THAT MAYBE SOMEONE SHOULD
3 INCLUDE IN A FUTURE INITIATIVE, AND THE OTHER
4 PATHWAY, WHICH YOU AND I HAVE TALKED ABOUT VIBRANTLY
5 AS WELL, ABOUT MOVING INTERNALLY TO COME UP WITH
6 SOME POLICY CHANGES THAT WE AS A GROUP CAN DO. AND
7 WHETHER IT'S THESE TWO SUBCOMMITTEES DOING THAT OR
8 INCLUDING OTHER MEMBERS OF THE BOARD TO DO THAT AS A
9 SUBCOMMITTEE SUBCOMMITTEE MIGHT BE AN APPROPRIATE
10 STEP.

11 MR. SHEEHY: JUST TO INFORM BASED ON OUR
12 EXPERIENCE AND OUR COLLECTIVE -- I'M NOT GOING TO
13 PRESS IT. NOT THAT THAT MATTERS. BUT SOME OF US
14 ARE NOT GOING TO BE HERE. I THINK FRANCISCO IS
15 PROBABLY GOING TO JOIN ME ON THE SIDELINES AS WE ARE
16 TERMED OUT. BUT AT LEAST CAPTURING THAT FORMALLY.

17 VICE CHAIRMAN TORRES: VOICE EMERITUS.
18 ANY OTHER COMMENT? THANK YOU, JEFF.

19 CHAIRMAN THOMAS: SO, FIRST YOU OF ALL, I
20 WANT TO STIPULATE THAT THERE NEVER HAS BEEN AN
21 ACTUAL CONFLICT OF INTEREST IN ALL OF THE YEARS THAT
22 CIRM HAS BEEN OPERATING, WHICH WAS THE CASE, OF
23 COURSE, LEADING UP TO THE VARIOUS REPORTS WE'VE
24 MENTIONED, LITTLE HOOVER, THERE WAS ALSO THE CIRM
25 ADVISORY PANEL REPORTS, AND THEN ULTIMATELY THE IOM.

BETH C. DRAIN, CA CSR NO. 7152

1 AND SO BECAUSE WE HAD THESE GREAT STRICT PRACTICES
2 IN PLACE, WE FELT VERY COMFORTABLE THAT THAT ISSUE
3 WAS A NONISSUE.

4 ON THE OTHER HAND, IT WAS REPEATEDLY
5 BROUGHT UP WITH EACH SUCCESSIVE REPORT, AND WITH THE
6 IOM REPORT CENTRALLY FOCUSING ON THAT POINT, AND THE
7 RESULTING RESPONSE THAT THAT GOT IN THE PUBLIC WHEN
8 THE IOM REPORT WAS OFFICIALLY MADE AVAILABLE, IT WAS
9 OUR THINKING, BUT NOT NECESSARILY TEN OF US
10 THINKING, MR. SHEEHY, BUT OUR THINKING THAT WE HAD
11 REACHED THE STAGE, GIVEN THE IMPORTANCE OF PUBLIC
12 PERCEPTION ABOUT CIRM, THAT WE NEEDED TO DO
13 SOMETHING TO ADDRESS THE CONFLICTS ISSUE EVEN THOUGH
14 THERE WAS NOT ONE AMONGST US WHO ACTUALLY BELIEVED
15 THERE WAS ONE. AND SO WE CAME UP WITH THIS
16 SOLUTION, WHICH WAS VIEWED AS LESS THAN OPTIMAL
17 BECAUSE WE DID CUT DOWN ON THE INPUT OF THE
18 SCIENTIFIC MEMBERS, BUT, NONETHELESS, ADDRESSED THE
19 CONFLICT ISSUE BY SETTING UP THE APPLICATION REVIEW
20 SUBCOMMITTEE TO INCLUDE ALL MEMBERS OF THE BOARD AND
21 WELCOMED EVERYBODY TO PUT THEIR VOICES INTO THE
22 DISCUSSION WITH RESPECT TO GRANTS ALONG THE WAY.

23 IT HAS NOW BEEN A PART OF THE FABRIC SINCE
24 EARLY 2012. AS BEFORE, WE STILL HAVE NEVER HAD A
25 CONFLICT OF INTEREST, ACTUAL CONFLICT OF INTEREST.

BETH C. DRAIN, CA CSR NO. 7152

1 I WILL SAY, JUST TO REFRESH EVERYBODY'S
2 MEMORY, WHEREAS, WE WERE HEAVILY CRITICIZED WHEN THE
3 IOM REPORT CAME OUT, WE WERE LARGELY LAUDED VERY
4 SHORTLY THEREAFTER BECAUSE WE MOVED WITHIN A MONTH
5 TO MAKE THESE CHANGES AND, AS A RESULT, HAVE ENJOYED
6 ON THE CONFLICT SIDE. WE STILL SEE REFERENCES IN
7 THE PRESS TO THE CONFLICTS ISSUE, BUT IT'S LARGELY
8 AN ANACHRONISM. THIS ISN'T BECAUSE ANYTHING'S
9 HAPPENED THAT HAS TRIGGERED THAT. IT'S JUST THAT
10 ANYBODY WHO DOES RESEARCH ON CIRM, THEY ALWAYS SEE
11 STUFF ABOUT CONFLICTS. SO EVERY ARTICLE SAYS
12 SOMETHING ABOUT CONFLICTS. WE DON'T HAVE CONFLICTS,
13 BUT WE, NONETHELESS, HAVE THIS AS ALMOST A BELT AND
14 SUSPENDERS MOVE TO HAVE THE APPLICATION REVIEW
15 SUBCOMMITTEE FORMAT IN PLACE WHICH MAINTAINS THE
16 INTEGRITY AND THE LACK OF CONFLICTS THAT WE ALWAYS
17 HAD, BUT DOES SO IN A WAY THAT'S MORE PALATABLE TO
18 THE PUBLIC BECAUSE YOU'VE NOW LARGELY ELIMINATED
19 EVEN THE PERCEPTION OF CONFLICT.

20 SO I THINK THAT WHILE I HEAR MR.
21 JUELGAARD AND MR. SHEEHY, AND I'M PRETTY
22 SYMPATHETIC WITH THAT, I WANT EVERYBODY TO REMEMBER
23 WHY WE DID THIS. AND WE'RE GOING INTO AN ELECTION
24 WHERE ISSUES ARE GOING TO BE RAISED ABOUT CIRM. AND
25 TO THE EXTENT THAT WE CAN MINIMIZE THOSE, IN MY

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1 OPINION, THAT'S A GOOD THING. SO I, JUST TO PLAY
2 DEVIL'S ADVOCATE, WOULD ARGUE THAT WE SHOULD KEEP
3 SOME FORM OF WHAT WE'VE GOT IN PLACE THERE.

4 ONE MORE COMMENT, MR. CHAIRMAN.

5 VICE CHAIRMAN TORRES: OKAY. WE NEED TO
6 MOVE ON.

7 CHAIRMAN THOMAS: I UNDERSTAND. WITH
8 RESPECT TO MR. SHEEHY'S COMMENTS ABOUT THE PAST, I
9 WANT TO POINT OUT THAT I TOTALLY SHARED HIS AND
10 VIRTUALLY EVERYBODY'S VIEW THAT THE IOM REPORT HAD
11 RECOMMENDATIONS ABOUT THE PATIENTS WHICH IDENTIFIED
12 THEM AS POTENTIAL CONFLICTS IN THE PATIENT
13 ADVOCATES, POTENTIAL CONFLICTS OF INTEREST
14 THEMSELVES, ET CETERA, WHICH NONE OF US GREED WITH
15 AND VEHEMENTLY DISAGREED WITH AS WE COULDN'T OPERATE
16 AS WE DO WITHOUT THE TREMENDOUS INPUT AND
17 PARTICIPATION OF THE PATIENT ADVOCATES.

18 SO ON THE SUBJECT OF HOW TO PERHAPS
19 REINTEGRATE PATIENT ADVOCATE VOICES INTO THE SYSTEM
20 GOING FORWARD, THAT I THINK IS CERTAINLY A VERY GOOD
21 TOPIC TO CONSIDER. MR. CHAIRMAN.

22 VICE CHAIRMAN TORRES: OKAY. THANK YOU.
23 THAT WAS A SUGGESTION THAT MR. SHEEHY MADE EARLIER
24 AS WELL ABOUT THE PATIENT ADVOCATE PARTICIPATION.

25 CHAIRMAN THOMAS: I WAS AGREEING WITH HIM.

BETH C. DRAIN, CA CSR NO. 7152

1 VICE CHAIRMAN TORRES: AND WE ALL MADE
2 THAT VERY CLEAR TO THE IOM. I FORGET HIS NAME JUST
3 ON PURPOSE, BUT --

4 DR. JUELSGAARD: JUST REAL QUICKLY IN
5 RESPONSE TO J.T. THIS WILL BE VERY BRIEF. FIRST, I
6 THINK WE LOST MORE THAN WE GAINED WHEN WE TOOK THE
7 INSTITUTIONAL MEMBERS VOTING POWER AWAY, MY POINT OF
8 VIEW. IF THERE'S GOING TO BE A NEGATIVE PRESS, THEN
9 SOMETIMES YOU JUST HAVE TO DEAL WITH THAT. BUT AT
10 THE END OF THE DAY, I THINK YOU HAVE TO LOOK AT WHAT
11 YOU GAIN AND WHAT YOU LOSE WHEN YOU MAKE CHANGES,
12 AND I THINK WE LOST MORE THAN WE GAINED.

13 I WANT TO GO BACK TO THE POINT I MADE,
14 WHICH IS IN THE INITIATIVE, AND THIS IS JUST A
15 THOUGHT, BUT IN THE INITIATIVE IF YOU SAY THAT AS A
16 MATTER OF ADOPTING THIS INITIATIVE, THE VOTING
17 PUBLIC AGREES THAT THERE IS NOT A CONFLICT OF
18 INTEREST IF THE INSTITUTIONAL MEMBERS VOTE ON
19 PROJECTS OF OTHER INSTITUTIONAL MEMBER'S CENTERS OR
20 ACADEMIC ORGANIZATIONS IF THERE'S AN EXPLICIT
21 RECOGNITION THAT THERE'S NOT A CONFLICT OF INTEREST,
22 AND THE VOTERS APPROVE IT, THEN IT SEEMS TO ME THE
23 PAPERS CAN CRITICIZE ALL THEY WANT TO, IF THEY
24 DESIRE, BUT THE VOTERS HAVE DECIDED DIFFERENTLY.
25 I'M DONE.

BETH C. DRAIN, CA CSR NO. 7152

1 VICE CHAIRMAN TORRES: GOOD POINT. I HOPE
2 NOT.

3 MR. TOCHER: I WAS JUST GOING TO BUTTRESS
4 STEVE'S REMARKS WITH THE FACT THAT IN PROP 71 THERE
5 ARE FINDINGS AND DECLARATIONS. SO THAT'S CERTAINLY
6 ONE PLACE FOR IT. AND HIS WISDOM IS BORNE OUT BY
7 ANOTHER PROVISION THAT ACTUALLY EXISTS IN THE
8 CURRENT TEXT OF THE PROPOSITION AS IT PERTAINS TO
9 THE PATIENT ADVOCATE MEMBERS EXPLICITLY ALLOWS. AND
10 THAT PROVISION THAT IS IT'S NOT A CONFLICT OF
11 INTEREST FOR PATIENT ADVOCATES TO VOTE WITH REGARD
12 TO AWARDS THAT AFFECT THE DISEASE GROUP FROM WHICH
13 THEY ARE APPOINTED. SO I THINK STEVE'S SUGGESTION
14 FITS WELL WITHIN THE EXISTING STRUCTURE AS WELL.

15 VICE CHAIRMAN TORRES: HIS WISDOM IS
16 ALWAYS CONFIRMED.

17 THE NEXT ISSUE IS EQUITY OWNERSHIP, AND
18 THIS WAS AT THE RECOMMENDATION OF MR. SHEEHY, WHO
19 NOW HAS, I THINK, A MUCH MORE NOVEL RECOMMENDATION.

20 MR. SHEEHY: THANK YOU, SENATOR TORRES.

21 SO WHAT THIS STEMS FROM IS OUR EXPERIENCE
22 WITH ATP3 WHEN WE TRIED TO SET UP A PUBLIC/PRIVATE
23 PARTNERSHIP TO ADVANCE OUR PROJECTS INTO THE
24 CLINICAL SPACE AND ACTUAL PROFIT-MAKING THERAPIES.
25 AND WE'VE BEEN HAMPERED, WE BEING, AND I THINK MR.

BETH C. DRAIN, CA CSR NO. 7152

1 JUELSGAARD WILL REMEMBER THIS, WE GOT ALL BOGGED
2 DOWN IN THE LOAN PROGRAM OVER BEING ABLE TO ACCEPT
3 WARRANTS, WHICH ARE OPTIONS TO BUY STOCKS -- I MAY
4 HAVE GOTTEN THAT WRONG BECAUSE I'M NOT A FINANCIAL
5 PERSON -- BUT THE WHOLE THING OF BEING ABLE TO
6 FIGURE OUT A WAY IN WHICH WE CAN WORK MORE ACTIVELY
7 WITH INDUSTRY IN ORDER TO ACCELERATE THE
8 COMMERCIALIZATION OF THERAPIES WE DEVELOP, AND AT
9 THE SAME TIME CREATE A SUBSTANTIAL RETURN TO THE
10 STATE IF THESE THERAPIES DO PROVE TO BE SUCCESSFUL
11 STILL ALLUDES US.

12 AND SO AS WE REWRITE THIS, IS THERE SOME
13 MECHANISM THAT WE CAN DEVELOP IF THERE IS A STATE
14 INSTITUTIONAL PROVISION AGAINST HOLDING STOCK IN
15 COMPANIES, BUT IT MIGHT BE INTERESTING TO THINK
16 ABOUT OR AT LEAST STUDY, BECAUSE I THINK THIS IS NOT
17 SOMETHING YOU CAN GET TO THE BOTTOM OF TODAY, TO
18 SOMEHOW STUDY WHAT MECHANISMS ARE AVAILABLE TO
19 CAPTURE THE IN THAT IS -- FIRST OF ALL, TO CAPTURE
20 IP THAT'S CREATED BY CIRM AND TO HOLD IT AND TO
21 MONITOR IT, AND THEN ALSO TO CREATE OPPORTUNITIES TO
22 PARTNER WITH INDUSTRY, WHICH WILL CREATE ADDITIONAL
23 VALUE FOR BOTH CIRM AND THE STATE OF CALIFORNIA
24 BECAUSE THESE FUNDS SHOULD BE RETURNED IN PART OR IN
25 WHOLE TO THE GENERAL FUND TO COVER THE COST OF THE

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1 BONDS.

2 WE'VE REALLY ONLY BEEN FUNDING FOR JUST A
3 LITTLE BIT OVER TEN YEARS, AND WE ARE JUST NOW
4 STARTING TO SEE CURES. WE ARE JUST NOW STARTING TO
5 SEE THE VERY FIRST RETURNS ON INVESTMENT. AS WE GO
6 FORWARD, THE POTENTIAL FOR SUBSTANTIAL RETURNS,
7 ESPECIALLY IF WE ARE REFUNDED, IS FAIRLY
8 SIGNIFICANT, AND WE NEVER REALLY HAD A MECHANISM TO
9 MONITOR IP, TO HOLD STAKES IN THE PRODUCTS THAT WE
10 DEVELOP IN A WAY THAT WILL ALLOW US TO MAXIMIZE OUR
11 RETURN AS BOTH AN INSTITUTION AND ON BEHALF OF THE
12 TAXPAYERS OF CALIFORNIA.

13 SO THAT'S KIND OF ONE THING I WANT TO PUT
14 ON THE TABLE, THAT EITHER WE FIX WITHIN PROP 71 OR
15 WE IDENTIFY SOME OTHER MECHANISMS. OTHER COUNTRIES
16 HAVE SOVEREIGN FUNDS. NORWAY HAS A SOVEREIGN FUND
17 THAT PROVIDES ONGOING FUNDING BASED ON THEIR OIL
18 HOLDINGS. AND I THINK THE INTELLECTUAL CAPITAL THAT
19 WE ARE CREATING WITH PROP 71 COULD BE A SOURCE OF
20 INCOME FOR THE STATE GOING FORWARD. AND WE NEED TO
21 CAPTURE IT. NIH, THE FEDERAL GOVERNMENT EXPRESSLY
22 DOES NOT DO SO FROM BAYH-DOLE, WHICH IS THE IP LAW
23 GOVERNING SCIENTIFIC DISCOVERIES FUNDED BY THE
24 FEDERAL GOVERNMENT.

25 WE LOOKED AT THIS WHEN WE FIRST STARTED.

BETH C. DRAIN, CA CSR NO. 7152

1 AND BECAUSE THE ORIGINAL PROP 71 COMMITTED THE STATE
2 TO GETTING A RETURN ON INVESTMENT, WE PUT IN PLACE
3 SOME MECHANISMS IN OUR IP POLICIES, BUT WE REALLY
4 HAVEN'T PUT IN PLACE THE KIND OF SOPHISTICATED IP
5 MONITORING AND CAPTURE THAT WE COULD HAVE AND WE
6 SHOULD HAVE GOING FORWARD.

7 VICE CHAIRMAN TORRES: I AGREE WITH THAT,
8 AND I THINK THE APPROPRIATE MECHANISM IS NOT THE
9 INITIATIVE, AS YOU AND I HAVE DISCUSSED, BUT RATHER
10 OUR OWN INITIATIVE INTERNALLY, WHICH I THINK WE CAN
11 DO. AND THAT RECOMMENDATION, I THINK, MARIA, YOU
12 WANTED TO SPEAK TO THAT.

13 DR. MILLAN: I THINK THAT THOSE ARE VERY
14 STRONG POINTS. I THINK IT CAPTURES THE NATURE OF
15 THE CHALLENGE IN THAT WE ARE INVESTING EARLY IN
16 DERISKING PROGRAMS, AND WE ARE FORTUNATE THAT WE
17 HAVE BEEN ABLE TO SUCCESSFULLY HELP OUR GRANTEES
18 FIND PARTNERSHIPS TO BRING IT FORWARD.
19 UNFORTUNATELY, ONCE IT'S OUT AND IT KIND OF GOES,
20 THERE'S NO RETURN THAT ALLOWS US TO DO THAT FOR MORE
21 PROJECTS. SO I THINK MR. SHEEHY'S POINTS ARE WELL
22 TAKEN. THERE ARE DIFFERENT MODELS THAT CAN BE
23 CONSIDERED.

24 VICE CHAIRMAN TORRES: WELL, I, FOR ONE,
25 AND I KNOW I CAN VOLUNTEER JEFF AND J.T. AS WELL, TO

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1 WORK WITH WHATEVER GROUP YOU PUT TOGETHER INTERNALLY
2 TO LOOK AT THIS WHOLE AREA. IT DOES NEED
3 EXAMINATION. AND IF IT REQUIRES A FOLLOW-UP PIECE
4 OF LEGISLATION, THAT'S FINE AS WELL. DOES THAT
5 SOUND COMFORTABLE TO YOU?

6 DR. MILLAN: SURE. IN THE COURSE OF A LOT
7 OF DIFFERENT DISCUSSIONS, BOTH IN OUR BUSINESS
8 DEVELOPMENT AS WELL AS SOME FUNDRAISING DISCUSSIONS,
9 THERE ARE DEFINITELY DIFFERENT MODELS THAT HAVE
10 ARISEN, FOUNDATION MODELS, THERE ARE SUCCESSES THAT
11 EXIST OUT THERE WHERE NONPROFIT INSTITUTIONS HAVE
12 LED TO A SUCCESSFUL COMMERCIALIZED PRODUCT, AND
13 THERE WAS A WAY THAT THEY WERE ABLE TO CAPTURE THE
14 RETURN ON THAT.

15 VICE CHAIRMAN TORRES: OKAY.

16 DR. MILLAN: SO THAT HAS OCCURRED, AND I
17 THINK BRINGING THE BOARD -- IT SOUNDS LIKE THE BOARD
18 HAS ALSO, MR. SHEEHY HAS ALSO BROUGHT THIS UP,
19 SOMETHING COULD BE BROUGHT AS A RECOMMENDATION, THAT
20 THERE BE A PROVISION WITHIN THE PROPOSITION THAT
21 ALLOWS IN SOME WAY --

22 VICE CHAIRMAN TORRES: NO. NO. I'M NOT
23 TALKING ABOUT THE INITIATIVE. I'M TALKING ABOUT US
24 INTERNALLY, THAT WE DISCUSSED TO MOVE FORWARD ON
25 THIS CONCEPT, NOT WITHIN THE INITIATIVE.

BETH C. DRAIN, CA CSR NO. 7152

1 DR. MILLAN: OKAY. THE THING IS ONE OF
2 THE MAJOR, AND IT'S CAPTURED THERE, ONE OF THE MAJOR
3 LIMITATIONS WE FACE WITH ATP3 IS CIRM'S INABILITY TO
4 OWN EQUITY. AND THAT'S CREATED A BARRIER TO THE
5 TYPE OF DEAL MODELS THAT MOST EXTERNAL INVESTORS
6 ARE -- KIND OF THE AVENUES BY WHICH PEOPLE DO DEALS
7 AND ARE ABLE TO GET THE MONEY TO FLOW BACK IN.

8 CHAIRMAN THOMAS: SPECIFICALLY -- I'M
9 SORRY.

10 MR. SHEEHY: BECAUSE WE CAN GET BOGGED
11 DOWN ON THIS, I WOULDN'T MIND HEARING STEVE'S
12 OPINION JUST IN A MINUTE JUST BECAUSE STEVE IS SO ON
13 TOP OF ALL THIS. BUT MAYBE THIS IS SOMETHING THAT
14 WE CAN ENGAGE THE TREASURER'S OFFICE WITH AS A PART
15 OF A SMALLER WORKING GROUP THAT YOU SUGGESTED,
16 SENATOR.

17 VICE CHAIRMAN TORRES: YEAH.

18 MR. SHEEHY: BECAUSE ONE THING THAT, AND
19 THE TREASURER IS HEAVILY INVOLVED IN THIS, THERE'S
20 PERS. PERS OWNS STOCK. AND THERE ARE AGENCIES
21 WITHIN THE STATE OF CALIFORNIA THAT DO HOLD EQUITY
22 IN SOME WAY OR ANOTHER. AND I THINK BOTH OF US ARE
23 HUGE ADMIRERS OF OUR INCUMBENT TREASURER --

24 VICE CHAIRMAN TORRES: YES.

25 MR. SHEEHY: KNOWING HER FOR SEVERAL

BETH C. DRAIN, CA CSR NO. 7152

1 YEARS. MAYBE THIS IS A WAY WHERE WE CAN
2 COLLABORATIVELY INNOVATE, AGAIN, WITH THE GOAL OF
3 CAPTURING AS MUCH VALUE AS WE CAN OF THE RESEARCH
4 AND ACTUAL THERAPIES THAT CIRM WILL END UP
5 PRODUCING.

6 VICE CHAIRMAN TORRES: J.T. AND THEN,
7 STEVE, DID YOU HAVE SOME COMMENTS AS WELL?

8 CHAIRMAN THOMAS: YEAH. I JUST WANT TO
9 ECHO WHAT MARIA SAID. WE'VE ACTUALLY HAD, IN THE
10 COURSE OF OUR NUMEROUS INTERNAL MEETINGS OVER TIME,
11 HAVE HAD DISCUSSIONS ON A VARIETY OF THINGS. WE
12 THOUGHT ABOUT IS THERE A VENTURE OPTION, IS THIS A
13 FOUNDATION OPTION THAT COULD BE PUT IN PLAY THAT
14 COULD AFFECT THIS SORT OF THING? I THINK AS A
15 SUMMARY STATEMENT, I WOULD DEFINITELY BE SUPPORTIVE
16 OF EXPLORING THIS. I THINK WE SHOULD HAVE AN
17 INTERNAL GROUP, AS DEFINED AS THE LARGER CIRM
18 FAMILY, WHOEVER WANTS TO PARTICIPATE, TO BRAINSTORM
19 ON THIS BECAUSE IT'S SOMETHING THAT HAS BEEN A
20 PROBLEM IN ORDER TO TRY TO PUT ATP3 TOGETHER. WE
21 HAD TO HAVE A DEBT OPTION AS OPPOSED TO AN EQUITY
22 OPTION, AND THAT HAD A LOT OF COMPLICATIONS THAT
23 MADE IT DIFFICULT TO ATTRACT CAPITAL.

24 SO THERE HAVE BEEN A LOT OF DISCUSSIONS ON
25 THIS, AND I THINK MORE WOULD BE A GOOD THING AND SEE

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1 IF WE CAN COME UP WITH SOMETHING.

2 VICE CHAIRMAN TORRES: ALL RIGHT. ANYBODY
3 ELSE?

4 DR. VUORI: J.T., THIS IS KRISTINA AND
5 OTHERS. THIS IS REALLY A TOPIC THAT I THINK, AS I'M
6 AT A RESEARCH INSTITUTE, AND I THINK UNIVERSITIES
7 STRUGGLE AS WELL, AND THAT IS THAT WHEN THERE IS AN
8 INVENTION THAT, THANKS TO BAYH-DOLE ACT, IF YOU
9 WILL, OWN, WHAT IS THE BEST WAY TO MOVE THAT
10 INVENTION FORWARD AND ESSENTIALLY COMMERCIALIZE IT,
11 BUT ALSO GAIN REVENUE BACK TO THE ORGANIZATION TO
12 ESSENTIALLY REPURPOSE IT BACK TO RESEARCH. AND I
13 THINK THERE ARE ESSENTIALLY TWO WAYS HOW WE HAVE
14 APPROACHED THIS.

15 ONE IS THAT IF WE ARE LOOKING INTO PUTTING
16 LICENSING IP OUT TO A START-UP COMPANY, THAT WE
17 OURSELVES ARE NOT GOING TO MANAGE IN THE PROCESS AT
18 ALL. IT JUST GOES OUT THERE AND THE TECHNOLOGY IS
19 THERE. IN THOSE CASES MANY ORGANIZATIONS, I THINK
20 STANFORD FOR ONE, US, WE DO NOT REALLY GET SO STUCK
21 ON THE EQUITIES MATTER AS BEING SORT OF A MECHANISM
22 FOR PAYOUT IN THE END. WE HAVE FOUND THAT THE MORE
23 WE ASK ON THE EQUITY SIDE IN THE BEGINNING, IT'S
24 MORE OF A DETERRENT FOR THE OUTSIDE INVESTORS. THEY
25 DON'T WANT TO HAVE RESEARCH INSTITUTE OR UNIVERSITY

BETH C. DRAIN, CA CSR NO. 7152

1 SORT OF AS A BAGGAGE, IF YOU WISH, IN AGGRESSIVELY
2 MOVING THINGS FORWARD AND HAVING ESSENTIALLY STOCK
3 OWNERS OR HOLDERS WHO REALLY DON'T NECESSARILY
4 UNDERSTAND THE BUSINESS COMPLETELY OF THE START-UP
5 ENTERPRISE. SO I THINK THAT'S ONE THING TO
6 CONSIDER, THAT DO OUTSIDE INVESTORS IN
7 COMMERCIALIZATION EFFORTS OF INVENTIONS THAT COME
8 FROM CIRM FUNDING, DO THEY REALLY WANT TO HAVE STATE
9 OR STATE AGENCIES SORT OF BE PART OF THE PACKAGE, OR
10 IS THERE SOME OTHER CREATIVE WAY, WE CALL THAT
11 ACTUALLY IN OUR AGREEMENTS PHANTOM EQUITY. IT'S NOT
12 REAL EQUITY, BUT IT'S A VERY DEFINED PAYMENT
13 SCHEDULE TRIGGERED BY VARIOUS MILESTONES DOWN THE
14 ROAD THAT HELP TO ACCOMPLISH THE SAME.

15 VICE CHAIRMAN TORRES: KRISTINA, WHAT WAS
16 THAT AGAIN? EQUITY WHAT?

17 DR. VUORI: WE CALL IT SIMPLY PHANTOM
18 EQUITY. IT SIMPLY ACHIEVES THE SAME PURPOSE WHEN
19 THERE IS AN EVENT, THAT'S TO SAY IF A COMPANY IS
20 GOING PUBLIC, SO IT'S PREDETERMINED, IF YOU WILL,
21 WHAT APPROXIMATELY IS HAPPENING.

22 THE DIFFERENCE THEN BECOMES THAT WE SORT
23 OF VIEW OURSELVES AS BC'S. AND THAT MIGHT BE WHAT
24 CIRM MIGHT CONSIDER AS WELL. IF CIRM IS ACTUALLY
25 NOW INVESTING, PUTTING ITS MONEY TANGIBLY INTO AN

BETH C. DRAIN, CA CSR NO. 7152

1 ENTERPRISE, THEN I DO THINK THAT ONE HAS TO HAVE THE
2 EQUITY PIECE IN THE MIX. AND I FULLY SUPPORT
3 FINDING A WAY HOW IN THESE CASES. PROBABLY SOME
4 SORT OF A FOUNDATION MECHANISM WOULD BE THE HOLDER
5 OF THE STOCK. THAT'S WHAT I SUSPECT MIGHT FLY.
6 JUST RECOGNIZE THAT'S AN IMPORTANT ISSUE, HOW TO
7 RECOUP FROM THE INVESTMENT, AND THERE MIGHT BE A
8 VARIETY OF WAYS HOW TO DO THAT.

9 VICE CHAIRMAN TORRES: THANK YOU SO MUCH,
10 KRISTINA. EXCELLENT INPUT FOR US. ANYONE ELSE ON
11 THIS ISSUE BEFORE WE MOVE ON?

12 DR. JUELSGAARD: REAL QUICKLY. I'M
13 SPECIFICALLY AWARE OF TWO RECENT SITUATIONS, ONE
14 INVOLVING STANFORD UNIVERSITY AND THE OTHER
15 INVOLVING UCSF WHERE IN OUT-LICENSING IP, SO THIS IS
16 IP, NOT FUNDING, BUT IN OUT-LICENSING IP TO START-UP
17 COMPANIES IN BOTH CASES, BOTH ORGANIZATIONS,
18 STANFORD AND UCSF, AS PART OF THE PAYMENT FOR THEIR
19 OUT-LICENSING, HAVE TAKEN EQUITY POSITIONS IN THE
20 TWO DIFFERENT COMPANIES THAT ARE INVOLVED.

21 SO THIS IS SOMETHING THAT'S IN PRACTICE
22 WITH PRIVATE INSTITUTIONS, STANFORD, AND THE STATE
23 INSTITUTION, UCSF, AND I WOULD JUST SUGGEST THAT
24 THIS CREATES A GREAT ARGUMENT FOR US TO BE ABLE TO
25 DO SOMETHING SIMILAR WITH CIRM. AND IN BOTH CASES

BETH C. DRAIN, CA CSR NO. 7152

1 THAT I REFERRED TO, STANFORD AND UCSF, THE INVESTORS
2 THAT WERE INVOLVED ACTUALLY WERE FAVORABLY INCLINED
3 TO HAVING EQUITY PARTICIPATION BECAUSE IT LOWERED
4 THE COST OF MONETARY PARTICIPATION, THAT IS, THE
5 INSTITUTIONS INVOLVED WANTED LESS MONEY, THEN LESS
6 UPFRONT MONEY, AND LESS ANNUAL LICENSING FEE, LESS
7 ROYALTY. THEY WERE WILLING TO TAKE SOME OF THEIR
8 RETURN ON RISK AND, THEREFORE, LOWER THE NONRISK
9 SIDE OF IT.

10 SO, ANYWAY, I DON'T THINK THERE'S A
11 PROBLEM WITH INVESTORS, BE THEY VENTURE OR WHOEVER.
12 AND I THINK THERE ARE PARALLELS THAT WE COULD DRAW
13 UPON.

14 VICE CHAIRMAN TORRES: I THINK MARIA GOT
15 THE SENSE OF THIS JOINT SUBCOMMITTEE IN TERMS OF HOW
16 WE NEED TO MOVE FORWARD INTERNALLY, WHICH I THINK WE
17 CAN IMMEDIATELY, THERE'S NO TIME FRAME HERE, AND
18 COME UP WITH SOME SUGGESTIONS WHICH OBVIOUSLY
19 INVOLVE THE TREASURER'S OFFICE AT SOME POINT,
20 OBVIOUSLY INVOLVE KRISTINA'S PERCEPTION, AND CLEARLY
21 STEVE'S WITH THE STANFORD/UCSF EQUATION. SO WE'LL
22 MOVE FORWARD ON THAT INTERNALLY.

23 OUR NEXT ITEM IS HEADQUARTERS, PAGE 5.

24 MR. TOCHER: THAT'S RIGHT, SENATOR.

25 WE HAVE SOME BIG BITES AND SMALL BITES

BETH C. DRAIN, CA CSR NO. 7152

1 JUST TO THROW OUT FOR CONSIDERATION. SO THIS ONE IS
2 A RECOGNITION OF THE EXTRAORDINARY HARD WORK AND
3 GOOD FORTUNE THAT WE HAD IN THE OPENING DAYS OF
4 CIRM'S EXISTENCE BY HOLDING A COMPETITION FOR THE
5 LOCATION OF CIRM'S HEADQUARTERS WHERE THE WINNING
6 JURISDICTION, SAN FRANCISCO, WAS ABLE TO PROVIDE
7 CIRM WITH FREE RENT FOR A PERIOD OF TEN YEARS. THIS
8 COST NORMALLY WOULD COME OUT OF WHAT WE CALL A
9 LITTLE BUCKET, WHICH IS OUR 6-PERCENT ADMINISTRATIVE
10 COST CAP OUT OF THE \$3 BILLION INITIATIVE.

11 SO THOSE SAVINGS REALLY ACCRUED, AND WE
12 ARE ENJOYING THOSE SAVINGS NOW IN ORDER TO COVER THE
13 EXISTING COSTS WITH THE INSTITUTE, WHICH BY VIRTUE
14 OF OUR EFFICIENCY AND RECOUPMENT OF FUNDS FROM
15 PROJECTS THAT DO NOT SUCCEED, HAS ELONGATED CIRM'S
16 SERVICE LIFE. HOWEVER, DUE TO THE CAP, THAT HAS AN
17 IMPACT ON OUR ADMINISTRATIVE BUDGET.

18 SO ONE OF THE BIGGEST HITS TO THAT
19 ADMINISTRATIVE BUDGET, OF COURSE, IS RENT. AND, OF
20 COURSE, IN THE GEOGRAPHIC SECTORS WHERE CIRM IS MOST
21 RELEVANT, SUCH AS THE SAN FRANCISCO BAY AREA, THAT
22 IS A SIZABLE CHUNK. AND ESPECIALLY IN THE EVENT
23 THAT THE INITIATIVE IS SIZED AT \$5 BILLION OR MORE,
24 WE CAN FORESEE AND EXISTENCE OF BEYOND TEN AND
25 PERHAPS 15 YEARS.

BETH C. DRAIN, CA CSR NO. 7152

1 SO ONE OF THE IDEAS WAS -- CHALLENGES WAS
2 HOW TO ENSURE SORT OF OUR LONG-TERM HEADQUARTERS IN
3 A WAY THAT WOULD ALLOW US TO MAYBE ACHIEVE SOME
4 EFFICIENCIES THAT MIGHT NOT OTHERWISE BE THERE. AND
5 THAT WOULD BE TO PROVIDE DESIGNATED RESOURCES TO
6 ACQUIRE OFFICE SPACE ON A MORE LONG-TERM BASIS AND
7 ALLOW THAT TO COME, NOT OUT OF THE ADMINISTRATIVE
8 SIDE, BUT OUT OF DEDICATED FUNDS WITHIN THE
9 PROPOSITION.

10 VICE CHAIRMAN TORRES: SO YOU'RE
11 SUGGESTING THAT THIS PROPOSITION WOULD BE TO UTILIZE
12 FUNDING OUTSIDE?

13 MR. TOCHER: SORRY, SENATOR. IT WOULD BE
14 WITHIN THE NEW BOND INITIATIVE AMOUNT.

15 VICE CHAIRMAN TORRES: YOU TALKING
16 OWNERSHIP, OR ARE YOU TALKING RENT?

17 MR. TOCHER: I DON'T THINK THAT THAT'S A
18 PREJUDICE WHETHER IT'S A LONG-TERM LEASE OR
19 OWNERSHIP, BUT SOMETHING THAT WOULD ALLOW THE COST
20 TO BE ABSORBED SEPARATELY OUTSIDE OF THE STRICT
21 6-PERCENT ADMINISTRATIVE CAP, WHICH WE USE TO COVER
22 PERSONNEL AND, OF COURSE, OTHER EXPENSES OF RUNNING
23 THE INSTITUTE.

24 VICE CHAIRMAN TORRES: ALL RIGHT.

25 MR. TOCHER: SO IT WAS JUST TO PROVIDE A

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1 LITTLE MORE FLEXIBILITY. OF COURSE, IF YOU COULD
2 FIND A SPACE THAT YOU WERE ABLE TO ACQUIRE, SUCH AS
3 OWNERSHIP, AMORTIZED OVER THE LIFE OF THE AGENCY,
4 THAT WOULD PROBABLY BE A MUCH BETTER DEAL THAN WHAT
5 WE CURRENTLY HAVE, WHICH IS A SYSTEM OF FOLLOW-ON
6 LEASES AND A FIVE-YEAR PERIOD.

7 VICE CHAIRMAN TORRES: NO. 1, I JUST WANT
8 TO MAKE SURE, BEFORE WE LEAVE THIS SUBJECT, THAT WE
9 GIVE DUE CREDIT TO THEN MAYOR GAVIN NEWSOM, NOW OUR
10 GOVERNOR, FOR PROVIDING THAT TREMENDOUS ASSET OF TEN
11 YEARS OF FREE RENT, FREE PARKING, WHICH WE NOW
12 ARE -- NOW OUR STAFF IS SUFFERING BECAUSE THEY'VE
13 GOT TO PAY FOR THEIR OWN PARKING HERE AT THE
14 FACILITY. BUT ALSO TO GAVIN, I WANT TO THANK YOU
15 PROBABLY FOR ALL YOUR SUPPORT AND CLEARLY FOR
16 PROVIDING THIS TEN-YEAR GRACE PERIOD FOR US WHICH
17 REALLY HELPED US IN THE LONG TERM.

18 AND SECONDLY, I THINK, AS WE BEGIN TO LOOK
19 AT WHAT POTENTIAL OFFICE OPTIONS THERE ARE, AS YOU
20 WELL KNOW, I'M A MEMBER OF A FIVE-MEMBER BOARD THAT
21 OVERSEES COVER CALIFORNIA, AND WE ARE IN THE PROCESS
22 NOW OF DETERMINING WHETHER OR NOT EQUITY IS ENJOYED
23 BY BUYING OFFICE SPACE OR WHETHER WE JUST EXPAND
24 BECAUSE CURRENTLY OUR CURRENT HEADQUARTERS, IT'S
25 JUST TOO CROWDED. WE GOT TO MOVE. SO WE ARE

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1 LOOKING AT THREE OPTIONS, SOME OF WHICH MAY VERY
2 WELL INCLUDE EQUITY OWNERSHIP OR A MUCH LONGER TERM
3 LEASE. AND MANY STATE AGENCIES THAT AREN'T
4 NECESSARILY WITHIN THE STATE GOVERNMENT BUILDINGS
5 CLEARLY ARE LOOKING AT OPTIONS THAT GO BEYOND THEIR
6 CURRENT OFFICE SPACE, WHICH WE WILL BE CHALLENGED TO
7 DO IN THE FUTURE.

8 ANY COMMENTS?

9 DR. VUORI: THIS IS KRISTINA AGAIN. I
10 FULLY SUPPORT THE IDEA OF DEALING WITH THE
11 FACILITIES QUESTION SEPARATELY. I THINK AS AN
12 EXAMPLE, IN THE ORGANIZATION LIKE OURS, WHEN WE LOOK
13 AT, QUOTE, UNQUOTE, OVERHEAD COSTS, WE LOOK AT TWO
14 DIFFERENT BUCKETS. ONE IS THE GENERAL
15 ADMINISTRATIVE AND THE OTHER IS FACILITIES. THEY
16 HAVE VERY MUCH THEIR OWN LIVES IN A WAY. ONE IS
17 STRESSED MORE THAN THE OTHER. WE KNOW IN CALIFORNIA
18 FACILITIES IS ALWAYS PRESSED SIGNIFICANTLY. SO I
19 THINK IF THERE IS A WAY TO SEPARATE BUCKETS AND
20 JUSTIFICATIONS TO SORT OF, QUOTE, UNQUOTE, OVERHEAD
21 EXPENSES OF CIRM ARE HANDLED AND FUNDED AND
22 NEGOTIATED, I THINK THAT MAKES ABSOLUTE SENSE.

23 VICE CHAIRMAN TORRES: AND WE HAD
24 SUBSTANTIAL SAVINGS COMING TO OAKLAND BECAUSE WE
25 COULD NOT AFFORD TO EXIST AS A STATE AGENCY WITH THE

BETH C. DRAIN, CA CSR NO. 7152

1 RENTALS THAT WERE BEING OFFERED IN SAN FRANCISCO,
2 UNFORTUNATELY.

3 MR. SHEEHY: REMEMBERING GOVERNOR NEWSOM
4 PRESENTING TO US IN FRESNO, OF ALL PLACES, BACK IN
5 THE DAY AND HOW ABSOLUTELY CHARGED HE WAS TO SUPPORT
6 THE MISSION OF CIRM AND TO BRING US TO SAN
7 FRANCISCO, I THINK, GOING FORWARD. I JUST WANT TO
8 ACKNOWLEDGE THAT ALONG WITH YOU, SENATOR TORRES.
9 WHAT A LEADER AND WHAT A CHAMPION HE HAS BEEN AND
10 HOW GREAT IT IS THAT HE'S NOW IN SACRAMENTO.

11 THE SECOND THING I WOULD SAY IS I ALSO
12 SUPPORT THE IDEA OF GETTING THIS OUT OF THE ADMIN
13 BUDGET AND DOING SOME SORT OF SEPARATE. PERHAPS WE
14 CAN COLLABORATE WITH OTHER STATE AGENCIES, SUCH AS
15 SOUTHERN CALIFORNIA, THAT ARE LOOKING FOR SPACE.
16 THE OTHER EXAMPLE IN SAN FRANCISCO WHERE THE MTC HAS
17 A BUILDING, AND THE BAY AREA AIR QUALITY MANAGEMENT
18 BOARD HAS A BUILDING. SO IF LOCAL AGENCIES CAN COME
19 TOGETHER TO GET SPACE, AND WE DEFINITELY NEED TO
20 EXPLORE THAT OUT OF THE SCIENCE BUDGET, OUT OF THE
21 ADMIN BUDGET, WHICH IS RIGHTLY CONSTRAINED, I THINK.

22 VICE CHAIRMAN TORRES: THANK YOU, JEFF.
23 ANY FURTHER COMMENTS?

24 DR. ROWLETT: I COMPLETELY SUPPORT THE
25 IDEA. AND, AGAIN, I ECHO MR. SHEEHY'S COMMENTS,

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1 THAT 6 PERCENT ALLOCATED TO AN ADMIN BUDGET IS,
2 WHILE RIGHTLY CONSTRAINED, IS CONSTRAINED. AND SO
3 IF THERE'S A WAY TO CREATIVELY COLLABORATE WITH
4 ANOTHER STATE AGENCY, I THINK THAT THE CITIZENS, THE
5 TAXPAYERS OF THE STATE OF CALIFORNIA WOULD
6 APPRECIATE THAT. SO I ENDORSE IT ENTHUSIASTICALLY.

7 VICE CHAIRMAN TORRES: ALL RIGHT. WE'LL
8 MOVE ON TO THE NEXT ITEM, ADMINISTRATIVE BUDGET,
9 PAGE 6. MR. TOCHER.

10 MR. TOCHER: SO CONTINUING WITH THE
11 CONVERSATION ABOUT THE BUDGET CONSTRAINTS OF 6
12 PERCENT WHICH IS IMPOSED BY THE CAP OF PROP 71, AS I
13 MENTIONED, THERE HAS BEEN AN ADDITIONAL PRESSURE ON
14 THAT ADMINISTRATIVE BUDGET THAT MAY NOT HAVE BEEN
15 ANTICIPATED WHEN THE INITIATIVE WAS DRAFTED IN 2004.

16 BECAUSE CIRM HAS GOTTEN VERY GOOD WITH
17 MAKING ITS AWARDS BASED ON MILESTONES AND
18 ACHIEVEMENT OF THOSE MILESTONES, WE'VE EXTENDED THE
19 FUNDING LIFE OF THE AGENCY ON A TIME BASIS AND ARE
20 ABLE TO REDEPLOY RECOVERED FUNDS TO MAKE NEW AWARDS.
21 HOWEVER, THAT 6-PERCENT CAP DOESN'T ALLOW US TO
22 RECOVER ADMINISTRATIVE COSTS THAT ARE ASSOCIATED
23 WITH THE REDEPLOYMENT OF THOSE RECOVERED FUNDS.

24 SO IN A WAY YOU MIGHT THINK ABOUT IT AS
25 IT'S A \$3 BILLION RESEARCH BUDGET PLUS \$200 MILLION,

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1 LET'S SAY, OF RECOVERED FUNDS, BUT THAT 6 PERCENT
2 ONLY EVER APPLIES TO THE THREE. AND WE HAVE TO FIND
3 SOME WAY TO ABSORB ALL THE ADMINISTRATIVE COSTS THAT
4 ARE ASSOCIATED WITH REDEPLOYING THOSE RECOVERED
5 FUNDS.

6 SO THAT'S BEEN A CHALLENGE THAT WE'VE BEEN
7 TRYING TO THINK ABOUT IS HOW DO WE ENSURE THAT THE
8 AGENCY IS ABLE TO MEET ITS OBLIGATIONS AND
9 RESPONSIBILITIES IN ADMINISTERING THESE FUNDS THAT
10 ARE REDEPLOYED? SO ONE OF THE IDEAS WAS MAKING IT
11 EXPLICIT IN THE NEW PROPOSITION THAT A 6-PERCENT CAP
12 WOULD ALSO INCLUDE 6 PERCENT OF ANY FUNDS THAT ARE
13 RECOVERED FROM PROJECTS DOWN THE ROAD.

14 AND I THINK ANOTHER ONE WAS SCIENTIFIC
15 CONFERENCES, WHICH ARE CURRENTLY HOSTED BY CIRM OUT
16 OF ITS ADMINISTRATIVE BUDGET, MIGHT RIGHTLY BE
17 CATEGORIZED AS ON THE RESEARCH SIDE OF CIRM'S BUDGET
18 IN LIGHT OF THE FACT THAT THE SCIENTIFIC CONFERENCES
19 REALLY HELP TO INFORM AND PROPEL THE SCIENCE
20 ACTIVITIES OF THE AGENCY.

21 SO THOSE WERE JUST A FEW IDEAS THAT WERE
22 THROWN OUT TO ADDRESS THAT ISSUE.

23 VICE CHAIRMAN TORRES: ANY COMMENTS?

24 MR. SHEEHY: I THINK THE 6 PERCENT IS
25 NECESSARY. I AM NOT AT ALL SUPPORTIVE OF THE

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1 SCIENTIFIC CONFERENCE THING. IT SEEMS LIKE A
2 RAFFLE. WE SPEND A LOT OF MONEY GOING TO
3 CONFERENCES AND HOLDING CONFERENCES. THERE IS A
4 PLETHORA OF DISEASE-SPECIFIC CONFERENCES THAT GET
5 HELD THAT I THINK ARE MORE INFORMATIVE THAN CIRM
6 PUTTING ON ITS OWN CONFERENCES.

7 THE ONE EXCEPTION TO THAT RULE I MIGHT
8 MAKE, WHICH IS SOMETHING I'VE ALWAYS WANTED TO DO
9 WHICH WE, FRANKLY, HAVE NEVER DONE, WOULD BE A FULLY
10 PUBLIC, PROBABLY EVERY THREE OR FOUR YEARS,
11 SCIENTIFIC MEETING WHERE -- AND WE TALKED ABOUT THIS
12 AT ONE OF OUR MEETINGS WHEN WE WERE TALKING ABOUT
13 WHAT REGENERATIVE MEDICINE IS -- IS TO SURVEY THE
14 FIELD, UNDERSTAND WHERE CIRM'S FUNDING AND CIRM'S
15 PROJECTS FIT WITHIN THAT FIELD, IDENTIFY FUTURE
16 DIRECTIONS FOR CIRM FUNDING. SO WHERE ARE WE?
17 WHERE SHOULD WE GO? AND THEN SOMETHING WE'VE NEVER
18 HAD, WHICH IS AN IN-DEPTH ANALYSIS OF OUR PORTFOLIO
19 FULLY PUBLIC SO THAT EVERYBODY KNOWS WHERE OUR MONEY
20 HAS GONE SO THAT WE KNOW WHAT WE SPENT, WHAT IT'S
21 ACCOMPLISHED, AND HOW IT FITS WITHIN THE FIELD, AND
22 THEN WHERE WE SHOULD GO NEXT.

23 THAT IS SOMETHING I WOULD SUPPORT
24 STRONGLY, AGAIN, EVERY THREE OR FOUR YEARS, SO THAT
25 WE CAN GIVE A DECENT REPORT BACK TO THE PUBLIC.

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1 BECAUSE RIGHT NOW IF YOU WERE TO ASK, EVEN I
2 COULDN'T TELL YOU WHAT OUR PORTFOLIO IS AND I LOOK
3 AT IT ALL THE TIME, WHAT WE'VE ACCOMPLISHED. I KNOW
4 THE HIGH POINTS HERE OR THERE, BUT REALLY AN
5 IN-DEPTH UNDERSTANDING THAT'S FULLY TRANSPARENT SO
6 THE PUBLIC CAN REALLY GET A SENSE OF WHAT WE'VE DONE
7 IN EVERY SINGLE DISEASE OR INDICATION, INCLUDING
8 BASIC DISCOVERY SCIENCE.

9 VICE CHAIRMAN TORRES: SO WHO CAME UP
10 WITH THE RECOMMENDATION TO MOVE THE SCIENCE
11 CONFERENCES TO THE RESEARCH BUDGET?

12 MR. TOCHER: YOU WANT ME TO NAME NAMES?
13 YOU KNOW, THERE'S A THOUSAND LETTERS.

14 VICE CHAIRMAN TORRES: ALL RIGHT.

15 DR. VUORI: THIS IS KRISTINA. I FULLY
16 AGREE WITH THE REDEPLOYED, ET CETERA, FUNDS. I ALSO
17 AGREE WITH JEFF ABOUT SORT OF THIS HAVING SCIENTIFIC
18 CONFERENCES, QUOTE, UNQUOTE, BE IN THE RESEARCH
19 BUDGET IS SORT OF A SLIPPERY SLOPE. WHAT THEN
20 BECOMES SORT OF A RESEARCH AND WHAT BECOMES ADMIN
21 EXPENSE? I DO THINK THAT IF CIRM CONVENES A
22 SCIENTIFIC CONFERENCE SOLELY FOR SCIENTISTS, I DO
23 THINK THAT IS A RESEARCH ACTIVITY AND COULD EASILY
24 BE JUSTIFIED IN A RESEARCH BUDGET. I DON'T KNOW HOW
25 MANY THINGS ARE REALLY FOCUSED THAT MUCH ON RESEARCH

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1 FOR WHAT I CALL SORT OF A RESEARCH ESTATE AS OPPOSED
2 TO EDUCATING PUBLIC AND DISSEMINATING INFORMATION.
3 THAT IS PROBABLY HOW I WOULD LOOK AT IT, IF THERE IS
4 A WAY TO MOVE THINGS TO THE RESEARCH BUDGET. AGAIN,
5 I'M NOT SAYING THAT I'M ADVOCATING FOR IT, BUT THAT
6 COULD BE ONE WAY TO THINK ABOUT IT.

7 VICE CHAIRMAN TORRES: THANK YOU,
8 KRISTINA. ANYBODY ELSE?

9 DR. STEWARD: JUST TO REINFORCE WHAT JEFF
10 SAID, AND I THINK --

11 VICE CHAIRMAN TORRES: WELL, YOU GUYS
12 ALWAYS REINFORCE EACH OTHER.

13 DR. STEWARD: YES, OF COURSE. THIS IDEA
14 OF THE SORT OF STEP BACK AND TAKE A LOOK CONFERENCE
15 EVERY TWO TO THREE YEARS, I THINK THIS IS REALLY
16 IMPORTANT. IT'S NOT JUST SCIENCE. THIS IS A WAY
17 FOR US TO KIND OF RECALIBRATE OUR THINKING AND
18 REVISIT WHAT IT IS THAT REGENERATIVE MEDICINE
19 ACTUALLY NEEDS IN A BROADER SCALE. SO I'D LIKE THAT
20 NOT TO BE LOST AS WE GO FORWARD IN KIND OF THE
21 DETAILS OF THE BUDGET.

22 AS FAR AS THE SCIENTIFIC CONFERENCES, I
23 ALSO TEND TO AGREE WITH JEFF, THAT THERE'S LOTS OF
24 SCIENTIFIC CONFERENCES OUT THERE. AND I AGREE WITH
25 KRISTINA, THAT IF THERE ARE REALLY SCIENTIFIC

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1 CONFERENCES THAT CIRM NEEDS TO PUT ON, IT SEEMS LIKE
2 IT COULD GO INTO THE RESEARCH BUDGET, BUT I'D WANT
3 TO SEE THAT PRETTY CAREFULLY CAPPED, I THINK, IF
4 THAT WAS GOING TO HAPPEN. THANK YOU.

5 VICE CHAIRMAN TORRES: THANK YOU, OS. ANY
6 OTHER INPUT? ALL RIGHT. WE ARE ON TO WORKING
7 GROUPS, PAGE 7. MR. TOCHER.

8 MR. TOCHER: SO HERE THIS IS AN IDEA
9 SURROUNDING HOW THE WORKING GROUPS MIGHT BE BEST
10 OPTIMIZED ON A GOING FORWARD BASIS. SOMETIMES THIS
11 IS ONE OF THOSE THINGS WHERE PROPOSITION 71'S VISION
12 AND HOW THE IMPLEMENTATION HAVE DIVERGED PERHAPS
13 SLIGHTLY. AND THESE ARE AROUND SOME RESTRAINTS THAT
14 PROPOSITION 71 CONTAINS AROUND OUR GRANTS WORKING
15 GROUP COMPOSITION AND RESPONSIBILITIES.

16 SO YOU WILL RECALL WE ACTUALLY HAVE THREE
17 WORKING GROUPS. ONE OF THEM, STANDARDS WORKING
18 GROUP, WHICH REVIEWS AND RECOMMENDS MEDICAL AND
19 ETHICAL STANDARDS FOR CIRM-FUNDED RESEARCH. THERE'S
20 ALSO THE FACILITIES WORKING GROUP WHICH HAS LARGELY
21 BEEN MOTH-BALLED, WHICH WAS USED FOR THE FIRST
22 COUPLE OF YEARS TO MAKE MAJOR FACILITIES PROGRAMS
23 AND MAKE RECOMMENDATIONS FOR AWARDS. THE BULK OF
24 THE WORK FOR RESEARCH FUNDING, HOWEVER, GOES THROUGH
25 OUR GRANTS WORKING GROUP. AND WHAT WE HAVE FOUND IS

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1 THAT THERE ARE SOMETIMES PROGRAMS AND
2 INITIATIVES -- MEMBER SHEEHY BROUGHT UP ATP3
3 EARLIER -- WHERE THE COMPOSITION REQUIREMENTS OF
4 SCIENTIFIC MEMBERS AND OF CERTAIN NUMBERS FOR REVIEW
5 PANELS, WHILE IDEAL FOR YOUR CLASSIC SCIENTIFIC
6 RESEARCH INITIATIVE, CAN GET A BIT HANDFISTED WHEN
7 TRYING TO WORK THAT INTO WHAT WOULD BE SORT OF AN
8 INFRASTRUCTURE PROPOSAL OR IDEAS SUCH AS
9 MANUFACTURING OR OTHER TYPES OF FACILITIES
10 INFRASTRUCTURE THAT'S NOT CLASSIC BRICK AND MORTAR,
11 BUT HAVE DIFFERENT NEEDS.

12 SO THE IDEAS THAT ARE SUGGESTED HERE, SOME
13 ARE PRACTICAL, SO THEY ADDRESS ISSUES OF THE RANGE
14 OF SCIENTISTS PER PANEL AS OPPOSED TO RIGHT NOW A
15 FIXED NUMBER PROVIDING GREATER FLEXIBILITY THERE.
16 ALSO SIMPLIFYING THE APPOINTMENT TERMS TO MULTIPLES
17 OF TEN YEARS JUST TO MAKE IT, AGAIN, EASIER TO
18 ADMINISTER AND EASIER FOR THE BOARD TO ADMINISTER
19 THEIR APPOINTMENTS AND COMPOSITION.

20 ONE IDEA WAS TO ALLOW INTERIM APPOINTMENTS
21 BY CIRM IN BETWEEN ICOC MEETINGS. THIS IS MORE OF A
22 FACTOR IN OUR RECENT SCHEDULE WHERE THE ICOC MEETS
23 AS A FULL BODY ON A LESS FREQUENT BASIS THAN THE 13
24 OR 14 TIMES A YEAR THAT IT MET EARLIER IN ITS
25 EXISTENCE.

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1 AND ALSO REEXAMINING THEIR ROLE IN
2 RECOMMENDING CRITERIA FOR AWARDS. THAT'S A FORMAL
3 ROLE, BUT I THINK IN PRACTICALITY THE BOARD TAKES A
4 LEADERSHIP POSITION IN THAT IN SOME INITIATIVES BY
5 CREATING CONCEPT PLANS WHICH ARE THEN THE GUIDING
6 DOCUMENTS FOR THE GRANTS WORKING GROUP AND FOR
7 AWARDEES.

8 SO THOSE ARE JUST SOME OF THE IDEAS THAT
9 WE'VE COME UP WITH TO ADDRESS SOME OF THESE
10 PRACTICAL CONCERNS.

11 MR. SHEEHY: SO I THINK SOME OF THESE
12 RECOMMENDATIONS MAKE SENSE. I THINK BUILDING SOME
13 FLEXIBILITY INTO THE SIZE OF THE REVIEW GROUP MAKES
14 SENSE. I DO THINK IT'S IMPORTANT THAT WE DO NOT DO
15 ANYTHING TO DIMINISH THE ROLE OF PATIENT ADVOCATES
16 IN REVIEW, WHICH IS OF CRITICAL VALUE. I THINK
17 TEN-YEAR TERMS ARE NOT A GREAT IDEA, NOR DO I THINK
18 INTERIM APPOINTMENTS BECAUSE WE CAN BRING IN
19 SPECIALISTS NOW THAT DON'T NECESSARILY -- I DON'T
20 THINK THAT THEY REQUIRE BOARD APPROVAL FOR EVERY
21 SPECIALIST, DO THEY? AM I WRONG?

22 MR. TOCHER: PARDON?

23 MR. SHEEHY: WE DON'T REQUIRE BOARD -- SO
24 WE CURRENTLY DON'T REQUIRE BOARD APPROVAL FOR
25 SPECIALISTS.

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1 VICE CHAIRMAN TORRES: NO.

2 MR. SHEEHY: I DO THINK HAVING COHERENT
3 TEAMS, AT LEAST WITHIN THE CLINICAL SPACE, HAS BEEN
4 A SIGNIFICANT INNOVATION. SO TO THE DEGREE THAT WE
5 CAN BUILD IN A LITTLE BIT MORE FLEXIBILITY AROUND
6 WHAT PROP 71 SAYS IS OKAY, BUT I ALSO -- TEN YEARS
7 IS A LONG TIME TO HAVE SOMEBODY REVIEWING. SCIENCE
8 PASSES A LOT OF PEOPLE BY. THEY MAY BE EXPERTS WHEN
9 THEY START OUT, BUT TEN YEARS LATER, I SEE SOME
10 FOSSILIZATION TAKING PLACE, ESPECIALLY FOR WHAT WE
11 REQUIRE FROM THE SCIENTISTS IN TERMS OF EXPERTISE.

12 ONE OF THE BEST INNOVATIONS, I THINK, THAT
13 WE'VE DONE IS HAVING THIS REALLY SOLID CADRE OF
14 REVIEWERS FOR OUR CLINICAL PROGRAM, AND THOSE ARE
15 FUNDAMENTALLY ALL THE SAME PEOPLE WHO HAVE
16 PARTICIPATED. AND I THINK THAT'S BEEN A REALLY
17 POWERFUL ROLE. IT CREATED A LOT OF COHERENCE AND
18 CONSISTENCY ESPECIALLY FOR GRANTEES. AND I DO THINK
19 IT'S IMPORTANT, AS WE START TO TALK ABOUT INNOVATING
20 IN THIS SPACE, THAT WE LOOK AT THAT, ESPECIALLY
21 WITHIN THE CONTEXT OF OUR 1, 2, 3 SCORING PROCEDURE
22 WHERE WE USED TO INCLUDE RECOMMENDATIONS FOR CURING
23 THE DEFECTS IN THE PROJECT.

24 IF YOU BRING IN A NEW REVIEWER, SUDDENLY
25 THERE'S NEW FLAWS THAT HAVE TO BE CURED, AND THAT

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1 GETS REALLY DISRUPTIVE. AND WE'VE SEEN THIS AMONG
2 PROJECTS BEFORE WE PUT IN THAT ROLE, AND WE WOULD
3 HAVE PEOPLE COME IN AND THEY'D GET NEGATIVE
4 COMMENTS, THEY'D ADDRESS THEM, THEY'D COME BACK TO
5 US ANOTHER ROUND. YOU GET ALL NEW REVIEWERS WHO
6 WOULD SAY, WELL, THAT'S NOT A PROBLEM TO ME, BUT
7 THIS AND THIS AND THIS ARE A PROBLEM. IT BECAME A
8 BIT CHAOTIC, AND IT CERTAINLY WASN'T EFFICIENT.

9 SO TO THE DEGREE THAT WE CAN -- THERE IS
10 SOME PROSCRIPTIVENESS IN THERE THAT I THINK IS A
11 LITTLE TOO MUCH. AND I ALSO THINK -- I MEAN I THINK
12 REVIEWING THE GWG ROLE, I THINK THAT THERE WAS A LOT
13 MORE ENVISIONED IN THE ROLE OF THE GWG IN TERMS OF
14 BOTH SETTING UP REVIEW CRITERIA. THERE'S A WHOLE
15 ROLE FOR REVIEWING -- FOR MONITORING GRANTS THAT
16 WE'VE NEVER IMPLEMENTED, AND I DON'T KNOW THAT WE
17 ACTUALLY NEED TO IMPLEMENT. SO SOME OF IT IS
18 REDUNDANT, SOME OF IT'S NEVER REALLY BEEN
19 OPERATIONALIZED, AND TO TAKE SOME OF THAT OUT IS NOT
20 A BAD IDEA.

21 DR. STEWARD: COULD I JUST COMMENT ON
22 JEFF'S COMMENTS?

23 VICE CHAIRMAN TORRES: PLEASE.

24 DR. STEWARD: TEN YEARS IS WAY TOO LONG.
25 JEFF IS ABSOLUTELY RIGHT.

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1 THE SECOND THING IS THAT THERE IS REAL
2 BENEFIT TO, LET'S CALL IT, INSTITUTIONAL MEMORY
3 ESPECIALLY BECAUSE OUR REVIEWING STRUCTURE IS
4 DIFFERENT IN A VERY FUNDAMENTAL WAY FROM WHAT
5 REVIEWERS ARE USED TO IN THAT IT INVOLVES PATIENT
6 ADVOCATES. AND IT TAKES PEOPLE A LITTLE WHILE TO
7 KIND OF UNDERSTAND THE ROLE OF PATIENT ADVOCATES IN
8 THE REVIEW PROCESS, BUT EVEN MORE TO ACTUALLY BEGIN
9 TO RESPECT THE OPINIONS OF PATIENT ADVOCATES. IT'S
10 NOT SOMETHING THAT NECESSARILY COMES NATURALLY TO
11 SOMEONE WHO'S NORMALLY JUST REVIEWING THE SCIENCE.
12 SO I THINK THERE IS A MIDDLE GROUND, NOT TEN YEARS
13 FOR SURE, BUT SOME LONGEVITY IN THE APPOINTMENTS.

14 I ALSO AGREE IN TERMS OF FLEXIBILITY. I
15 DON'T THINK THAT WE NEED TO FIX THE PROCESS TOO MUCH
16 BECAUSE CIRM CAN APPOINT AD HOC REVIEWERS NOW, AND I
17 DON'T NECESSARILY THINK THAT THERE'S ANYTHING THAT
18 REALLY NEEDS TO BE FIXED ON THAT. THANK YOU.

19 VICE CHAIRMAN TORRES: OS, YOU THINK TEN
20 YEARS IS THE MAX, OR YOU WANT IT LOWER THAN THAT?

21 DR. STEWARD: WELL, I THINK THAT WAY LOWER
22 FOR AN INITIAL APPOINTMENT. LOOK, IF SOMEBODY COMES
23 TO ME AND SAYS I WANT TO APPOINT YOU TO SOMETHING
24 FOR TEN YEARS, I'M GOING TO SAY, "ARE YOU KIDDING?"
25 I THINK THREE YEARS IS PROBABLY A REASONABLE INITIAL

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1 APPOINTMENT. I DON'T NECESSARILY THINK THAT SOMEONE
2 MUST ROTATE OFF. THERE COULD BE OPTIONS FOR
3 REAPPOINTMENT, BUT SIMILAR IN THAT RANGE IS ABOUT
4 WHAT YOU WOULD KIND OF NORMALLY LOOK AT AND SAY,
5 "OKAY. THAT'S A LOT OF WORK, BUT I'LL DO IT."

6 AND I THINK THREE YEARS IS ALSO A
7 TIME -- A REASONABLE AMOUNT OF TIME TO HAVE SOMEONE
8 STILL REMAIN AN ACTUAL EXPERT IN WHATEVER THAT
9 THEY'RE DOING. THANK YOU.

10 VICE CHAIRMAN TORRES: J.T.

11 CHAIRMAN THOMAS: SO QUESTION I'VE RAISED
12 IN THE PAST IS, AS YOU KNOW, IN A NUMBER OF THE GWG
13 REVIEWS, WE DO HAVE THESE SPECIALISTS FROM TIME TO
14 TIME WHO ARE BROUGHT IN BECAUSE OF THEIR DIRECT
15 SUBJECT MATTER EXPERTISE TO THE APPLICATION AT HAND.
16 YET WHEN YOU GET AROUND TO VOTING, SPECIALISTS
17 AREN'T ALLOWED TO VOTE. NOW, I UNDERSTAND YOU WANT
18 TO KEEP A CONSISTENCY IN THE NUMBER OF VOTES FOR ALL
19 THE DIFFERENT APPLICATIONS, BUT TO ME IT DOESN'T
20 SEEM RIGHT TO HAVE THE PEOPLE WHO KNOW THE MOST
21 ABOUT THE SUBJECT MATTER EXCLUDED FROM THE VOTE. I
22 JUST WANT TO RAISE THAT AS A CONCERN.

23 VICE CHAIRMAN TORRES: ALL RIGHT.

24 DR. STEWARD: THIS IS OS. I'LL TAKE A
25 SHOT AT THIS JUST REAL QUICKLY. I ACTUALLY DON'T

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1 THINK IT IS THAT BIG A DEAL. I SORT OF WONDERED
2 ABOUT IT INITIALLY, WHETHER SOMEBODY MIGHT FEEL A
3 LITTLE OFFENDED. A, I DON'T THINK THEY DO. B,
4 AGAIN, THERE'S A SORT OF LACK OF FAMILIARITY WITH
5 WHAT 1S, 2S, AND 3S ACTUALLY MEAN TO CIRM. SO I
6 DON'T THINK THERE'S A NEED TO CHANGE THIS EITHER
7 UNLESS SOMEBODY BRINGS UP A PROBLEM WITH IT THAT IS
8 SORT OF BEYOND WHAT I SEE RIGHT NOW. THANK YOU.

9 VICE CHAIRMAN TORRES: ANY OTHER INPUT?

10 DR. MILLAN: JUST TO LET YOU KNOW WHERE IT
11 STANDS RIGHT NOW, OUR APPOINTMENTS ARE CURRENTLY
12 SIX-YEAR APPOINTMENTS. AND SO IF YOU ARE PROPOSING
13 THREE YEARS, THE QUESTION IS DO YOU SEE A PROBLEM
14 WITH THE CURRENT TERMS?

15 DR. STEWARD: IF YOU ARE GETTING PEOPLE TO
16 SAY YES TO SIX YEARS, I GUESS NOT. SOUNDS LIKE A
17 LONG TIME TO ME, BUT I THINK SIX YEARS IS OKAY.
18 CERTAINLY -- AGAIN, CERTAINLY NOT TEN.

19 VICE CHAIRMAN TORRES: ALL RIGHT. I THINK
20 WE ARE READY TO MOVE ON TO OUR NEXT GROUP.

21 MR. TOCHER: SURE. ACTUALLY I'M GOING TO
22 SKIP AHEAD ONE JUST TO STAY ON THIS TOPIC BECAUSE IN
23 MY EAGERNESS, I BLENDED, IF YOU WILL --

24 VICE CHAIRMAN TORRES: YOU SHOULDN'T HAVE
25 DONE THAT.

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1 MR. TOCHER: -- THIS PARTICULAR --
2 VICE CHAIRMAN TORRES INFRASTRUCTURE
3 REVIEW?

4 MR. TOCHER: THAT'S CORRECT.

5 VICE CHAIRMAN TORRES: PAGE 9.

6 MR. TOCHER: SLIDE 9 AND WE'LL COME BACK
7 TO 8.

8 SO THIS PARTICULAR ISSUE, THIS WAS
9 INFRASTRUCTURE REVIEW, WHICH I MENTIONED. SOMETIMES
10 OUR INFRASTRUCTURE PROGRAMS POSES UNIQUE CHALLENGES
11 WHEN IT COMES TO HOW TO COMPOSE, UNDER THE EXISTING
12 RESTRAINTS, THE APPROPRIATE VENUE FOR CONSIDERATION
13 OF UNIQUE PROGRAMS. AND SO THE QUESTION WAS HOW CAN
14 WE ENSURE AN ADEQUATE AND EFFICIENT REVIEW WITH
15 APPROPRIATE EXPERTISE TO MAKE RECOMMENDATIONS TO THE
16 BOARD FOR, I CALL THEM, INFRASTRUCTURE PROPOSALS,
17 BUT THEY COULD BE JUST -- WE HAVE EXAMPLES HEAR OF
18 ATP3, GENOMICS, OUR STEM CELL ACCELERATING CENTERS.
19 AND WHETHER, IN ADDITION TO THE THREE WORKING GROUPS
20 THAT ARE NAMED IN THE PROPOSITION, WHETHER CIRM
21 WOULD ENJOY HAVING SORT OF AN OPTION TO CREATE, WITH
22 ALL THE NORMAL REQUIREMENTS THAT APPLY TO THE
23 EXISTING WORKING GROUPS, THAT CIRM BE ALLOWED TO
24 SORT OF CREATE AN AD HOC WORKING GROUP IF IT'S
25 NECESSARY TO DO SO TO ADDRESS THESE UNIQUE --

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1 VICE CHAIRMAN TORRES: WELL, WE COULD DO
2 THAT WITH BOARD FIAT, NO?

3 MR. TOCHER: WELL, RESEARCH AWARDS, SO
4 AWARDS COMING OUT OF YOUR RESEARCH BUDGET, COME OUT
5 OF THE GRANTS -- BASED ON RECOMMENDATIONS FROM THE
6 GRANTS WORKING GROUP. SO WE WOULD, I THINK, NEED
7 SOME STATUTORY CLARIFICATION TO ALLOW US TO DO THAT.

8 MR. SHEEHY: I DON'T UNDERSTAND WHY
9 BECAUSE WE'VE DONE -- WE REVIEWED ALL OF THESE
10 THINGS --

11 MR. TOCHER: RIGHT.

12 MR. SHEEHY: -- AND WE BROUGHT IN
13 THE DIFFERING TYPES OF EXPERTISE. WE BROUGHT IN
14 PEOPLE KNOWLEDGEABLE ABOUT INDUSTRY, I THINK, TO
15 LOOK AT THE ATP. SO WE HAVE GONE -- I MEAN IF WE
16 WANT TO PUT MORE FLEXIBILITY INTO THE WORKING GROUP
17 COMPOSITION AND MAYBE SPECIFY THAT IT BE PERTINENT
18 TO THOSE TYPES OF THINGS. BUT I GOT TO BE HONEST,
19 AND I STATE THIS AS A STRONG BIAS, I THINK SOME OF
20 THESE MASSIVE INFRASTRUCTURE PROJECTS ARE NOT REALLY
21 CIRM'S WHEELHOUSE. THIS IS THE ONE THING THAT NIH
22 DOES REALLY WELL, HAVING OBSERVED THE FIELD FOR A
23 NUMBER OF YEARS, AND THEY'RE REALLY GOOD AT THIS.
24 AND THEY HAVE A LOT OF MONEY. AND I THINK OUR WRIT
25 IS MORE ABOUT CREATING THERAPIES. OUR MISSION IS TO

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1 CREATE CURES. AND THE TIMES WHEN WE REALLY NEED TO
2 STEP UP AND CREATE INFRASTRUCTURE PROJECTS ARE FEW
3 AND FAR BETWEEN, AND I THINK THAT WE HAVE BEEN ABLE
4 TO DO THAT IN THE PAST. I WOULD NOT WANT THAT SO
5 SPECIFICALLY DEFINED IN OUR MISSION GOING FORWARD
6 BECAUSE IT'S JUST NOT A GOOD USE OF OUR MONEY. WE
7 ARE DOING JOBS THAT NIH IS DOING, NOT SHOULD BE
8 DOING, IS DOING. AND WITHOUT FEDERAL PROHIBITIONS
9 ON ANY OF THIS RESEARCH AT THE MOMENT, THERE'S NO
10 REAL RATIONALE FOR US TO BE CREATING THIS NATIONAL
11 OR GLOBAL CAPACITY WHEN OTHER PEOPLE HAVE MUCH MORE
12 RESOURCES.

13 AT THE END OF THE DAY, EVEN WITH ANOTHER
14 \$5 BILLION, WE DON'T HAVE THAT MUCH MONEY. AND I
15 THINK PEOPLE ARE SPENDING THE MONEY TO SEE PEOPLE
16 GET CURED FUNDAMENTALLY.

17 VICE CHAIRMAN TORRES: ALL RIGHT. WE ARE
18 MOVING ON.

19 CHAIRMAN THOMAS: I JUST WANT TO POINT OUT
20 FOR THOSE WHO HAVEN'T BEEN IN A GWG SESSION, WITH
21 RESPECT TO THE INFRASTRUCTURE AWARDS FOCUSED, FOR
22 EXAMPLE, ON THE ALPHA CLINICS, UNLIKE THE NORMAL GWG
23 WHERE THE GRANTS ARE CONSIDERED AND THERE'S NO
24 COMMUNICATION DURING THE REVIEW WITH THE APPLICANTS,
25 IN OUR INFRASTRUCTURE PROJECTS, WE'VE ACTUALLY HAD

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1 THE APPLICANTS COME IN AS A GROUP AND PRESENT IN
2 PERSON LARGELY OWING TO THE FACT THAT THEY'RE
3 TYPICALLY VERY FEW SO YOU CAN DO THAT SORT OF THING
4 AND BECAUSE IT GIVES YOU A LOT OF OPPORTUNITY TO
5 HAVE GIVE-AND-TAKE WITH THE APPLICANTS THEMSELVES AS
6 YOU'RE TRYING TO DELIBERATE AND DISTINGUISH BETWEEN
7 THE APPLICATIONS.

8 SO THAT IS ALREADY A FUNDAMENTAL
9 DIFFERENCE. I DO AGREE THAT WE CAN ADJUST THE
10 COMPOSITION OF THE WORKING GROUP TO MATCH THE NEEDS
11 OF WHATEVER IT IS GOING FORWARD, AND I DON'T THINK
12 WE NEED ANYTHING SPECIFICALLY DIFFERENT TO BE ABLE
13 TO DO THAT.

14 VICE CHAIRMAN TORRES: ALL RIGHT. I THINK
15 YOU HAVE A SENSE OF WHERE WE ARE AT. ANY OTHER
16 FURTHER COMMENTS? WE'RE GOING TO MOVE ON TO PAGE 8
17 IS OUR FINAL SUBJECT. SCIENCE FUNDED SCOPE.

18 MR. TOCHER: ONE OF THE LAST, NOT LAST,
19 BUT ADDITIONAL AREA THAT OBVIOUSLY WILL BE UP FOR
20 CONSIDERATION IS JUST PRECISELY WHAT CIRM SHOULD OR
21 MAY BE FUNDING WITH THE NEW MISSION, AND THAT'S THE
22 SCOPE OF THE SCIENCE.

23 SO WE HAVE REITERATED HERE SORT OF THAT
24 EXISTING GUIDANCES PROVIDED BY THE PROPOSITION AND
25 THE PRIORITY THAT IS ESTABLISHED AND THE MECHANISM

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1 FOR CONSIDERATION OF VITAL RESEARCH OPPORTUNITIES.
2 AND THE CHALLENGE IS HOW TO ENSURE THAT CIRM IS A
3 MODERN INSTITUTION THAT CAN CONTINUE TO FUND NEW AND
4 INNOVATIVE TECHNOLOGIES.

5 SO A COUPLE OF THESE SUGGESTIONS THAT ARE
6 THROWN OUT IS PERHAPS EXPANDING THE STEM/PROGENITOR
7 CELL RESEARCH THAT'S IDENTIFIED IN THE PROPOSITION
8 TO SOMETHING MORE BROADLY AS REGENERATIVE MEDICINE
9 WITH A SPECIFIC DEFINITION THAT IS CONSISTENTLY USED
10 AND UNDERSTOOD IN THE FIELD.

11 ANOTHER IDEA IS JUST TO QUESTION THE
12 UNDERLYING ASSUMPTION THAT THE VITAL RESEARCH
13 OPPORTUNITY WOULD BE SOMETHING THAT WOULD BE SORT OF
14 DETERMINED AT THE GRANTS WORKING GROUP LEVEL AS
15 OPPOSED TO THE BOARD. AND NO BIAS WITH ANY OF THESE
16 SUGGESTIONS, JUST IDEAS. AND THEN CLARIFYING THE
17 REQUIREMENTS OF A LACK OF NIH FUNDING GIVEN THAT
18 CIRM'S STRENGTH THAT WE HAVE FOUND, WITH OUR NEW AND
19 EFFICIENT PROCESSES, YOU SEE THAT CIRM HAS BECOME A
20 REAL MODEL FOR THE CONSIDERATION AND ADMINISTRATION
21 OF SCIENTIFIC RESEARCH AWARDS, AND THAT WE ARE
22 FINDING THAT THERE IS GREAT INTEREST BY OTHER
23 INSTITUTIONS IN EITHER FOLLOWING ON OUR EXAMPLE OR
24 IN FACT PARTNERING WITH US. AND SO MAYBE CONSIDER
25 FOR THE NEW INITIATIVE LANGUAGE THAT STRENGTHENS

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1 CIRM'S ABILITY TO ENGAGE IN THOSE PARTNERSHIPS
2 REGARDLESS OF WHETHER IT'S THE NIH OR ANYONE ELSE.

3 VICE CHAIRMAN TORRES: ALL RIGHT.

4 MR. TOCHER: THAT'S THE GENESIS OF THIS.

5 VICE CHAIRMAN TORRES: ON THAT SUBJECT?

6 MR. TOCHER: YEAH.

7 VICE CHAIRMAN TORRES: OKAY, GREAT. ANY
8 COMMENTS FROM MEMBERS OF OUR BOARD WHO ARE ON THE
9 LINE?

10 DR. STEWARD: JUST ONE QUICK COMMENT. THE
11 ISSUE OF WHAT WE'LL CALL THE DEFINITION OF
12 REGENERATIVE MEDICINE, I THINK, IS REALLY IMPORTANT.
13 AND IT IS ACTUALLY ONE OF THE IMPORTANT REASONS FOR
14 THESE PERIODIC CONFERENCE -- I HATE THE WORD
15 CONFERENCE -- THAT JEFF MENTIONED WHERE WE ACTUALLY
16 DO EXACTLY THAT EVERY THREE YEARS OR SO. SO SOMEHOW
17 TO BE ABLE TO LINK THOSE TWO, I THINK, WOULD BE VERY
18 VALUABLE. THANK YOU.

19 VICE CHAIRMAN TORRES: THANK YOU, OS. ANY
20 OTHER COMMENTS? MR. SHEEHY.

21 MR. SHEEHY: YEAH. I THINK, AND I DON'T
22 KNOW HOW CLEAR THIS IS, THERE IS A LOT OF LANGUAGE
23 IN PROP 71 ABOUT THE GWG INFLUENCING SKILL. AND SO
24 I DO THINK WE NEED TO CHANGE THAT AND REALLY PUT IT
25 ON THE ICOC TO MANAGE THAT PROCESS. IT REALLY IS

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1 SOMETHING, IF YOU'RE IN REVIEW, IT'S VERY CONFUSING
2 TO REVIEWERS IF THEY HAVE TO THINK ABOUT WHAT'S IN
3 SCOPE AND WHAT'S NOT. IT'S REALLY NOT WHAT WE ARE
4 BRINGING THEM IN TO DO. I THINK IT WAS ORIGINALLY
5 THOUGHT THAT WE WOULD HAVE A VERY NARROWLY DEFINED
6 FIELD, AND ANY TIME WE STEPPED OUT OF THAT FIELD,
7 THE GWG WOULD GIVE US GOOD SCIENTIFIC JUSTIFICATION.
8 BUT NOW CLEARLY THE FIELD HAS GROWN IN SOME WAYS
9 THAT NOBODY THOUGHT. THE FLEXIBILITY AND ALSO THE
10 PUBLIC ACCOUNTABILITY IS BETTER DONE AT THE GRANTS
11 WORKING GROUP -- I MEAN AT THE ICOC WHERE THE PUBLIC
12 CAN SEE WHAT WE ARE DOING AND WHERE WE CAN HAVE A
13 ROBUST DISCUSSION, AND HOPEFULLY WITH A LOT OF
14 ACADEMIC RESEARCH MEMBERS WHO ARE FULLY ENGAGED.

15 VICE CHAIRMAN TORRES: OH, THAT.

16 MR. SHEEHY: BECAUSE THERE WAS ONE
17 RECOMMENDATION THAT PERHAPS OR ONE OPTION. SO I
18 THINK THEY PLAY A GREAT ROLE IN DOING THAT AT THE
19 BOARD.

20 VICE CHAIRMAN TORRES: ALL RIGHT. ANY
21 OTHER COMMENTS?

22 DR. VUORI: I ACTUALLY AGREE WITH
23 EVERYTHING THAT HAS BEEN SAID. AS A PERSONAL
24 VIEWPOINT, I GO WITH WHAT JEFF AND OS HAVE SAID,
25 THAT I THINK THIS IS THE TIME TO REALLY REDEFINE, I

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1 THINK, THE REGENERATIVE MEDICINE, HOW THE FIELD HAS
2 MOVED FORWARD SO EXTREMELY FAST, THAT IT'S JUST
3 REMARKABLE INNOVATION, BUT WHAT THE OPPORTUNITIES
4 ARE OUT THERE AT THE MOMENT. I ALSO AGREE WITH THE
5 ICOC'S ROLE RATHER THAN THE WORKING GROUP'S ROLE IN
6 DEFINING THE OTHER VITAL RESEARCH OPPORTUNITIES.

7 JUST TO MAKE A COMMENT THEN OF THIS
8 CLARIFY REQUIREMENT OF LACK OF NIH FUNDING. TO ME
9 THIS HAS BEEN SOMEWHAT NEBULOUS THINKING FROM A
10 SCIENTIST PERSPECTIVE. AND I'VE BEEN SORT OF
11 BOTHERED IN UNDERSTANDING WHETHER IT REFERS TO A
12 LINE OF RESEARCH THAT NIH IS NOT FUNDING, PERIOD, OR
13 WHETHER IT'S THE REALITY THAT NIH CANNOT FUND
14 EVERYTHING. IT HAS SIGNIFICANT NUMBER OF VARIOUS
15 DIFFERENT MANDATES AND AGENDAS GOING ON WITHIN ONE
16 FUNDING AGENCY. AND IF THERE WAS A GREAT IDEA THAT
17 WE BELIEVE SHOULD BE FUNDED, COULD IT BE FUNDED WITH
18 NIH? MAYBE. BUT ASSUMING THEY FUND WHATEVER, 8
19 PERCENT OF THE APPLICATIONS, IS THAT JUSTIFICATION
20 ENOUGH FOR US TO SAY, WELL, THIS IS GOING TO THE NIH
21 BUCKET OR NOT. I WOULD SORT OF MAYBE LIKE TO
22 UNDERSTAND THAT PIECE A LITTLE BIT AND HOW WE REALLY
23 UNDERSTAND THAT.

24 AND THE FINAL POINT IS THAT I THINK THE
25 CIRM REALLY -- THE PROP 71 IN THE PAST BENEFITED, IF

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1 YOU WILL, OF THE NOTION THAT SOMETIMES FEDERAL
2 FUNDING IS HIGHLY POLITICAL. AND I'M SORT OF
3 SENSING, WHILE THE EMBRYONIC STEM CELLS MAY OR MAY
4 NOT BECOME AN ISSUE AT THE FEDERAL LEVEL AGAIN, I
5 ACTUALLY CONTINUE TO BE SURPRISED IN SOME WAYS,
6 POSITIVELY SO, THAT GIVEN THE CRISPR NEWS IN CHINA,
7 I IMMEDIATELY THOUGHT THAT THE CURRENT UNITED STATES
8 FEDERAL GOVERNMENT IS GOING TO SHUT DOWN CRISPR
9 RESEARCH AS A KNEE-JERK REACTION ASAP.

10 SO I DO THINK THAT WE HAVE TO BE MINDFUL
11 BEING IN CALIFORNIA AND HAVING HOPEFULLY THE
12 OPPORTUNITY TO SUPPORT RESEARCH THAT'S NOT GOING TO
13 BE AT THE MERCY OF THE PENDULUM SWINGING AT THE
14 FEDERAL LEVEL THAT WE REALLY PAY ATTENTION TO SORT
15 OF NOT ONLY DOING WHAT NIH IS NOT DOING, BUT ALSO
16 UNDERSTANDING THAT MAYBE OUR MOTIVATION HAS TO BE
17 BEYOND FEDERAL FUNDING AND POLITICS. MY SOAPBOX.

18 DR. JUELSGAARD: I JUST WANTED TO ADD ON
19 TO WHAT KRISTINA JUST SAID. THIS WHOLE IDEA THAT
20 SOMEHOW OUR FUNDING IS TIED TO WHAT THE NIH EITHER
21 CANNOT DO OR IS UNLIKELY TO DO, WHATEVER, I DON'T
22 KNOW WHOEVER MAKES THESE DETERMINATIONS WITH RESPECT
23 TO EACH AND EVERY PROJECT. I DON'T THINK WE DO
24 THAT. AND I'VE ALWAYS WONDERED ABOUT THAT. WHY
25 ISN'T THERE AND UPFRONT -- IF THIS IS REALLY WHERE

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1 WE'RE GOING TO PUT OUR FUNDING, THEN WITH RESPECT TO
2 EACH AND EVERY PROGRAM, SHOULDN'T THAT BE -- THE
3 FIRST STEP IS TO MAKE THIS KIND OF FINDING ABOUT THE
4 NIH'S INVOLVEMENT. AND WE DON'T DO THAT, NOR DO I
5 THINK WE SHOULD BECAUSE I DON'T THINK THAT'S REALLY
6 WHERE WE ARE AT THESE DAYS.

7 SO I THINK WE NEED TO JUSTIFY THE
8 CONTINUATION OF CIRM NOT ON WHETHER OR NOT THE NIH
9 IS GOING TO FUND SOMETHING, BUT ON WHOLLY DIFFERENT
10 GROUNDS. AND I WOULD JUST GET RID OF THIS WHOLE
11 NOTION THAT SOMEHOW THIS IS RELATED TO INADEQUACY ON
12 THE PART OF THE NIH AND INSTEAD THE PREMISE THAT
13 CIRM SHOULD BE CONTINUED -- SHOULD BE DONE NOT ON
14 SOMETHING THAT'S INADEQUATE, BUT ON SOMETHING THAT
15 IS NEEDED IN SOME FASHION OTHER THAN THROUGH THE NIH
16 OR AS JUST A GOOD THING TO DO. SO, ANYWAY, MY POINT
17 OF VIEW ON THAT ISSUE.

18 VICE CHAIRMAN TORRES: THANK YOU, STEVE.
19 ANY OTHER COMMENTS ON THIS SUBJECT? ALL RIGHT.

20 NOW I'M GOING TO MOVE TO ANY OTHER SUBJECT
21 MATTER THAT -- JAMES HARRISON AND SCOTT -- THAT IS
22 NOT INCLUDED IN THIS PRESENTATION, NOW IS YOUR TIME
23 TO GIVE US SOME IDEAS.

24 MR. SHEEHY: SORRY. I HATE TO KEEP
25 JUMPING IN AND KEEPING PEOPLE.

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1 VICE CHAIRMAN TORRES: THAT'S YOUR NATURE.
2 YOU'RE A JUMPER.

3 MR. SHEEHY: SO I WANTED TO REFERENCE, AND
4 MR. JENSEN IS HERE TODAY, I WANT TO THANK HIM FOR
5 HIS CONVERSATION WITH BOB KLEIN, WHO WE OWE AN
6 ETERNAL DEBT OF GRATITUDE FOR PROP 71 AND FOR TAKING
7 US HOPEFULLY FORWARD INTO THE FUTURE. HE RAISES
8 ISSUES OF ACCESSIBILITY AND ACCESS TO THERAPY, WHICH
9 IS KIND OF THE ELEPHANT IN THE ROOM AS WE CREATE
10 REALLY SOPHISTICATED, VERY EXPENSIVE, UNFORTUNATELY,
11 HARD TO SCALE, BUT TRUE CURES. AND SO RATHER
12 THAN -- I WANT TO MARRY THIS WITH ANOTHER IDEA THAT
13 WAS VERY STRONG AT THE BEGINNING OF THE INSTITUTE
14 AND HAS KIND OF WITHERED.

15 WHEN WE SET UP THE STANDARDS WORKING
16 GROUP, THERE WAS THIS VERY HUGE IMPETUS FOR ELSI
17 COMPONENTS IN A LOT OF INFRASTRUCTURE WORK WE WERE
18 DOING, LIKE OUR TRAINING GRANTS, FOR INSTANCE. IN
19 OUR FIRST FACILITIES, I THINK WE HAD ELSI
20 REQUIREMENTS, WHICH WERE ETHICAL, LEGAL, AND SOCIAL
21 IMPLICATIONS. AND THE STANDARDS WORKING GROUP HAS
22 PRETTY MUCH WITHERED AWAY BECAUSE THE CORE ETHICAL
23 ISSUES HAVE DISSIPATED OR DISAPPEARED, A LITTLE BUMP
24 WHEN WE STARTED TALKING ABOUT GENOME EDITING AND
25 WHEN THE FIRST CRISPR EXPERIMENTS STARTED HAPPENING,

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1 BUT I WONDER IF -- I WOULD HAVE KIND OF A BIAS
2 TOWARDS SPECIFICALLY CARVING OUT FOR CIRM A POLICY
3 AGENDA, PERHAPS MAYBE HALF A PERCENT OR A QUARTER OF
4 A PERCENT OF FUNDING TO FUND BOTH RESEARCH AND WORK
5 AROUND THESE ISSUES. AND I WOULD INCLUDE
6 ACCESSIBILITY AND ACCESS IN THAT.

7 WE HAVE A REAL OPPORTUNITY TO TAKE A
8 LEADERSHIP ROLE. THIS IS ONE PLACE WHERE WE CAN DO
9 WHAT OTHERS DON'T BECAUSE WE REALLY HAVE ALWAYS
10 BEEN, AS A STATE, ON THE CUTTING EDGE OF WHAT
11 HAPPENS IN THIS COUNTRY, NOT JUST IN BIOMEDICAL
12 RESEARCH, BUT ACROSS THE BOARD IN ALMOST EVERY
13 SOCIAL MOVEMENT THAT'S HAPPENED, FEMINISM, LGBT
14 RIGHTS, ENVIRONMENTALISM. AND SO CALIFORNIA
15 UNIQUELY PLAYS THAT ROLE WITHIN THE NATIONAL
16 CONSTRUCT. AND I THINK, ESPECIALLY ON ISSUES OF
17 ACCESSIBILITY AND ACCESS, WHICH ARE GOING TO BECOME
18 HUGE WHEN THERAPIES START COMING OUT, THAT HAVING US
19 WITH DATA, WITH EVIDENCE, NOT TO PLAY AN ADVOCACY
20 ROLE PER SE, BUT TO PROVIDE THE BASIC INFORMATION
21 THAT WE AS A SOCIETY, WE AS A STATE NEED TO HAVE TO
22 GO FORWARD SO THAT POLICYMAKERS CAN MAKE INFORMED
23 DECISIONS ABOUT EQUITY AND ACCESS TO THERAPIES THAT
24 ARE GOING TO BE ABLE TO CURE PEOPLE, BUT ARE GOING
25 TO BE INCREDIBLY EXPENSIVE, AT LEAST IN THE INITIAL

1 RUN.

2 SO I WOULD HOPE THAT PERHAPS WE COULD MAKE
3 THAT RECOMMENDATION. WE PROBABLY SHOULD GET RID OF
4 THE FACILITIES WORKING GROUP, BUT MAYBE BRING THE
5 STANDARDS WORKING GROUP BACK WITH A LITTLE BIT
6 BIGGER WRIT, WITH THE ABILITY TO ACTUALLY FUND SOME
7 RESEARCH. AND WE WILL HAVE ETHICAL ISSUES AROUND
8 GENOME EDITING BECAUSE SOMETHING IS GOING TO HAPPEN
9 WITH THAT, AND WE'LL NEED TO SAY SOMETHING ABOUT IT,
10 I THINK, BECAUSE WE HAVE PROHIBITED THE FUNDING OF
11 THAT, BUT WE ACTUALLY HAD TO ACT TO PROHIBIT THE
12 FUNDING OF THAT, GENOME EDITING. BUT THERE WILL BE
13 A LOT OF ISSUES WHERE WE NEED TO TAKE A POSITION AND
14 WE NEED TO BE INFORMED BY EVIDENCE AND WE NEED TO BE
15 DIRECTIVE. SO THAT WOULD BE THE ONLY THING THAT I
16 THINK IS MISSING FROM THIS PANOPLY. AND I WANT TO
17 APPLAUD MR. KLEIN FOR ACTUALLY PUTTING THIS ON THE
18 RADAR.

19 VICE CHAIRMAN TORRES: AND ON THAT ISSUE,
20 THE INITIATIVE, I BELIEVE, CURRENTLY REQUIRES ONE
21 WHO CANNOT AFFORD A TREATMENT TO RECEIVE IT?

22 MR. TOCHER: CORRECT. SB 1064 WAS AMENDED
23 TO ADOPT --

24 VICE CHAIRMAN TORRES: I REMEMBER THAT
25 VERY WELL, YEAH.

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1 MR. TOCHER: -- AS CIRM'S IP RULES WHICH
2 HAD ALREADY IN REGULATION REQUIRED CERTAIN STEPS
3 WITH REGARD TO PROVIDING --

4 VICE CHAIRMAN TORRES: WE REITERATED THAT
5 COMMITMENT.

6 MR. TOCHER: CORRECT. THAT WAS ADOPTED.
7 NOW, CIRM HAS THE AUTHORITY UNDER THAT LEGISLATION
8 TO, AS WE SAW JUST A YEAR OR TWO AGO, THE IP AND
9 INDUSTRY SUBCOMMITTEE TO MAKE RECOMMENDATIONS FOR
10 CHANGES TO THOSE RULES WHICH WE HAVE DONE TO IMPROVE
11 THEM, ALTHOUGH WE DIDN'T MAKE ANY CHANGES TO THE
12 ACCESSIBILITY AND PRICING REGIME.

13 VICE CHAIRMAN TORRES: I KNOW I HAVEN'T
14 TALKED ABOUT THIS PUBLICLY, AND I KNOW MARIA WOULD
15 NOT BE OFFENDED IF I DID, BUT AS A MEMBER OF THE
16 COVER CALIFORNIA BOARD, I BROUGHT TOGETHER HERE AT
17 CIRM OUR CHIEF NEGOTIATOR WITH THIRD-PARTY PAYERS AS
18 WELL AS TOP REPRESENTATIVES FROM KAISER AND BLUE
19 SHIELD TO BEGIN THE CONVERSATION ABOUT HOW THEY'RE
20 GOING TO BE EDUCATED ABOUT HOW TREATMENTS SHOULD BE
21 REIMBURSED BECAUSE THESE ARE NOT GOING TO BE
22 INEXPENSIVE TREATMENTS, BUT TO GET THEM TO
23 UNDERSTAND THAT WE ARE THINKING LONG-TERM, THAT
24 TODAY IN CALIFORNIA WE SPEND 40 BILLION FOR DIABETIC
25 CARE. IF WE COME UP WITH A CURE FOR DIABETES, THEY

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1 HAVE TO UNDERSTAND WHAT THAT MEANS IN THE LONG TERM
2 FOR THEIR BOTTOM LINE, AND THAT IS TREMENDOUS
3 SAVINGS ON ALL THE OTHER ANCILLARY TREATMENTS THAT
4 YOU AND I BOTH KNOW OCCUR WITH DIABETIC PATIENTS.
5 IT'S NOT UNRELATED TO OTHER ORGANS, AMPUTATIONS,
6 WOUND CARE, WHICH WE FUNDED HERE THROUGH CIRM.

7 SO I JUST WANT TO LET YOU KNOW, I HAVEN'T
8 HAD A CHANCE TO TALK TO YOU ABOUT IT, BUT THAT'S THE
9 PROCESS THAT WE ARE STARTING TO PURSUE THAT DOESN'T
10 PRECLUDE US FROM HAVING A LARGER DISCUSSION THAT YOU
11 ARTICULATED.

12 ANY OTHER COMMENTS ON THIS ISSUE? ANY
13 PUBLIC COMMENT? OKAY. AND THIS DOES NOT PRECLUDE
14 MEMBERS OF OUR INCREDIBLE STAFF FROM SUBMITTING
15 THEIR OWN RECOMMENDATIONS TO US AS THEY SEE FIT AS
16 WELL.

17 SO WE NOW PRESENT THIS AS A CONSENSUS OR A
18 VOICE OF THE COMMITTEE, OF THE TWO COMMITTEES, TO
19 OUR BOARD ON MAY 23D. AND I HOPE THAT JEFF WILL
20 JOIN ME, ALTHOUGH I HAVEN'T ASKED HIM AHEAD OF TIME,
21 BUT I HOPE YOU'LL JOIN ME IN MAKING THE PRESENTATION
22 TO THE FULL BOARD AS WE MOVE FORWARD.

23 ALL RIGHT. THIS MEETING IS ADJOURNED.
24 THANK YOU ALL VERY MUCH FOR YOUR SUPPORT. THERE'S A
25 FINANCE SUBCOMMITTEE WHICH BEGINS AT ONE.

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MS. BONNEVILLE: DON'T FORGET. A LOT OF
YOU ARE ON IT.

VICE CHAIRMAN TORRES: ALL RIGHT. TAKE
CARE.

(THE MEETING WAS THEN CONCLUDED AT
12:31 P.M.)

REPORTER'S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE TELEPHONIC PROCEEDINGS BEFORE THE JOIUNT MEETING OF THE GOVERNANCE AND SCIENCE SUBCOMMITTEES TO THE INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD ON MAY 15, 2019, WAS HELD AS HEREIN APPEARS AND THAT THIS IS THE ORIGINAL TRANSCRIPT THEREOF AND THAT THE STATEMENTS THAT APPEAR IN THIS TRANSCRIPT WERE REPORTED STENOGRAPHICALLY BY ME AND TRANSCRIBED BY ME. I ALSO CERTIFY THAT THIS TRANSCRIPT IS A TRUE AND ACCURATE RECORD OF THE PROCEEDING.

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